



Daily Report

China

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General

PRC: Qian Qichen on Africa, Christopher Speech, Taiwan

OW2205153596 Beijing XINHUA Domestic Service
in Chinese 0424 GMT 22 May 96

[By XINHUA reporter Liu Jiang (0491 3068) and RENMIN RIBAO reporters Shi Zongxing (0670 1350 2502) and Wen Xian (3306 2009)]

[FBIS Translated Text] Harare, 21 May (XINHUA) — Qian Qichen, Chinese vice premier and foreign minister, held a news conference here today attended by Chinese and foreign reporters, expounding the significance of PRC President Jiang Zemin's visit to Africa and answering reporters' questions.

Qian Qichen said: President Jiang Zemin's visit to Africa will soon come to an end. This is President Jiang Zemin's first visit to Africa, and his journey covered East Africa, North Africa, West Africa, and the southern part of Africa. In this sense, this is a visit to all of Africa, and it is of great significance.

He said: China and Africa have traditional friendly and cooperative relations. Such relations are built on the basis of mutual respect, sincere friendship, mutual help, unity, and cooperation. President Jiang Zemin's visit to Africa is of far-reaching historical significance for the process of China and Africa becoming trans-century and mutually trusted "all-embracing friends" [quan tian hou peng you 0356 1131 0230 2590 0645]. President Jiang Zemin's visit is conducive to promoting China's unity and cooperation with the vast number of developing countries. African countries are all developing countries, and China is also a developing country. President Jiang Zemin's visit to Africa is to indicate that China always attaches great importance to unity and cooperation with Africa and all other developing countries. China has always stood, is now standing, and will continue to stand, firmly side by side with the vast number of developing countries.

A reporter asked: During President Jiang Zemin's visit to Africa, what consensus of opinions did he achieve with leaders of the African countries?

Qian Qichen said: First, both sides agreed to further consolidate and strengthen Sino-African traditional friendship and cooperation, which are in the interests of both sides. Second, both sides hoped to learn from each other in the course of their respective construction and seek common development. Under the new situation, cooperation between the two sides will change from the previous mode of governmental cooperation into a mode of mainly cooperation between enterprises and companies of the two sides. Third, both sides agreed that under the

new situation, it is of great importance to strengthen cooperation and unity between China and Africa in international affairs. China supports the African countries' struggle against external intervention and their struggle to safeguard national sovereignty and interests. All the six countries visited by President Jiang Zemin support China's reunification and support China's position on the Taiwan issue. Fourth, both sides also reached a broad degree of consensus on such major issues as how to view human rights, how to protect human rights, and how to develop democracy. Both sides agreed that what is of primary importance for developing countries is a peaceful and stable environment, only with such an environment can they develop their economies and develop democracy.

Being asked about the prospects of the development of Sino-African relations, Qian Qichen said: First, both sides have firm political wishes. Africa needs China, and China also needs Africa. China and Africa share weal and woe and link their destiny together. The direct contacts and exchanges between top-level leaders of both sides have increased their mutual understanding and have deepened their friendship, thus providing an important political condition for consolidating and developing the comprehensive cooperation extending into the 21st century. Second, cooperation is being carried out on a broad and solid basis. In the course of their cooperation over a long period, China and Africa have developed perfect cooperative relations characterized by complete equality, mutual respect, mutual benefit, and mutual assistance. A great deal of successful experience has been gained. It is not only possible but also beneficial to both sides to further strengthen such cooperation. Moreover, the new situation will bring about new opportunities for Sino-African relations. The current situation in Africa tends to be stable, and the economy there has begun to improve. Through reform and opening-up over more than 10 years, China has also made substantial economic progress. All this provides good conditions for the cooperation between the two sides. The international community has also begun to attach importance to Africa. In such new circumstances, with China and Africa joining hands in breaking new ground for development, they will certainly push Sino-African relations to a new level. During President Jiang Zemin's visit to Africa, China signed more than 20 cooperation agreements with the six African countries. This shows that there are bright prospects in both sides' development.

When asked by a reporter to comment on Li Denghui's [Li Teng-hui's] 20 May speech on cross-strait relations, Qian Qichen said: In his speech, Li Denghui said that it is impossible for him to adopt the so-called "Taiwan independence" line and that he is willing to visit

Mainland China. Did he mean what he said? Though he repeatedly said he wanted to face reality, he turned a blind eye to the reform and opening up implemented by the motherland with a population of 1.2 billion on the mainland, its national strength — which has become increasingly powerful — its economic development — which changes with each passing day — its democracy and legal system — which have been continuously consolidated — and the high status it enjoys in the international arena. Instead, he wants Taiwan, which is content to exercise sovereignty over a part of China, to "guide the course of development on Mainland China" and "play a leading cultural role" as a cultural "New China" [wen hua xin zhong yuan 2429 0553 2450 0022 0626]. Indeed, those were unblushingly high-sounding, deceptive words. The stock market in Taiwan dropped 246 points after Li Denghui delivered his speech. Was that not a reflection of popular feelings?

Qian Qichen said: Our stand on solving the Taiwan issue is consistent. On 30 January last year, President Jiang Zemin put forward eight proposals on cross-strait relations and on promoting peaceful reunification. On 30 January of this year, Premier Li Peng reiterated them in his speech. Among them was a proposal to hold talks on the peaceful reunification of the two sides of the Taiwan Strait. As a first step, both sides can hold talks on "formally ending the hostility between the two sides of the Taiwan Strait under the one-China principle" and reach an agreement; the proposal also welcomes a visit to the mainland by the Taiwan authorities' leader in an appropriate capacity. Now we are listening to the words of the Taiwan authorities and observing their deeds.

A reporter asked: In a speech delivered on 17 May, U.S. Secretary of State Warren Christopher stressed the importance of U.S.-Chinese relations. President Clinton recently decided to renew the most-favored-nation [MFN] trade status for China. Is a good turning point, in your opinion, going to appear in Sino-U.S. relations in the next few months?

Qian Qichen said: Mr. Christopher, U.S. secretary of state, delivered an important speech on 17 May. We cannot agree with some views he expressed in the speech on relations with China; however, his exposition of the importance of Sino-U.S. relations is realistic and the positive attitude adopted on developing relations with China also deserves our appreciation. Yesterday, President Clinton also delivered a speech, mentioning the secretary of state's speech. We believe the announcement by Clinton to renew the MFN trade status for China is a wise one.

Qian Qichen said: China has always attached importance to Sino-U.S. relations and believed that many

common interests exist between China and the United States, and that developing normal Sino-U.S. relations on the basis of the three Sino-U.S. joint communiques is in the fundamental interests of the peoples of the two countries and conducive to world peace and development. In handling relations with the United States, we have always stressed "boosting confidence, strengthening cooperation, reducing troubles, and not engaging in confrontation." Of course, on issues that concern the fundamental interests of our country and people, we stress principle and have to take necessary and appropriate measures. In his speech, the secretary of state mentioned he was willing to meet with me in July. I am willing to earnestly discuss Sino-U.S. relations with the secretary of state.

A reporter asked: Zimbabwe is a major member of the nonaligned movement. Does China still support a role in international affairs for the nonaligned movement?

Qian Qichen answered, saying: China has consistently supported the purposes and principles of the Nonaligned Movement. These purposes and principles still have vitality despite the great changes that have taken place in the international situation. Since China became an observer member of the Nonaligned Movement in 1992, its relations with the movement have further developed. The 11th summit meeting of the movement was held in Colombia not long ago, at which the principles for the future development of the movement were defined. We hope the Nonaligned Movement will continue uniting with the developing countries and playing an important role in safeguarding their interests.

Asked by a reporter why President Jiang Zemin's Africa visit did not include South Africa and when China would establish diplomatic relations with South Africa, Qian Qichen answered: President Jiang Zemin did not visit South Africa at this time because China has not established diplomatic relations with South Africa yet. This is a question left over from the apartheid period. We believe this question will be solved sooner or later. Speaking of personnel exchanges, China's personnel exchanges with South Africa have increased since the founding of new South Africa. In particular, economic and trade relations between the two countries have expanded rapidly. The people of South Africa now have a better understanding and knowledge of China. More and more people of insight believe that both South Africa and China are influential countries in their respective continents and that the establishment of diplomatic relations between the two countries not only accords with the fundamental interests of the people of the two countries, but also is conducive to peace and stability in the world.

Qian Qichen said: So long as South Africa recognizes "one China," recognizes that Taiwan is a part of China, and severs diplomatic relations with Taiwan as have other countries that have established diplomatic relations with China, all other questions can be resolved. If South Africa needs time, the Chinese side can wait.

PRC: Western Response to U.S. 'Chain Sanctions' Detailed

HK2305033196 Beijing RENMIN RIBAO in Chinese
15 May 96 p 6

["Roundup" by RENMIN RIBAO correspondents based in Belgium, Germany, Britain, and France: "The United States Imposes Chain Sanctions, and Its Allies Are Planning To Retaliate"]

[PTS Translated Text for FBIS] *Editor's note: In March of this year the United States put forward the Helms-Burton bill on strengthening the economic blockade of Cuba and wanted to impose sanctions on foreign companies maintaining trade and economic exchanges with Cuba. While a wave of protests against the bill have yet to subside, the U.S. Congress is formulating the "D'Amato bill" in preparation for "chain sanctions" against foreign companies maintaining trade and economic relations with Iran and Libya, to which its allies are resolutely opposed. The U.S. political will to force its allies to bow to it in the form of its domestic legislation has set a bad precedent for the expansion of "extraterritoriality." This shows that the United States not only is pursuing power politics toward the vast numbers of developing countries but is also insufferably arrogant toward its allies.* [end of editor's note]

European Union

On 3 May, Rukan Parkman, EU ambassador to the United States, issued a letter to leaders of both the U.S. House and Senate expressing EU opposition to U.S. "chain sanctions" against Cuba and holding that this move has "extraterritoriality implications."

In his letter, Parkman noted: "The EU opposes the U.S. extension of its domestic legislation beyond its territory." If the United States imposes similar sanctions against Iran and Libya, the EU will also oppose it and will hold talks with the United States in accordance with World Trade Organization [WTO] provisions.

The so-called "chain sanctions" mean that trade sanctions will also be imposed against countries engaging in trade with nations on a U.S. embargo list. Following Cuba's downing of two U.S. planes intruding into its territorial air space in late March, the U.S. Congress adopted a bill in early March which will restrict EU member-state enterprises' exports to and trade within

Cuba and will affect EU member-state ships sailing only to and from U.S. ports. Hence, the EU raised strong opposition to the bill.

The EU has sent a letter to the U.S. permanent representative to the WTO in Geneva indicating that by adopting this bill, the U.S. Congress violated several terms of the 1994 GATT General Agreement on Service Trade, and this act was not compatible with its international obligations undertaken within the scope of the above agreements.

Germany

During his visit to Washington on 8 May, German Minister of Foreign Affairs Kinkel warned the United States that if it forces other countries to participate in trade sanctions against Cuba, Iran, and Libya, relations across the Atlantic will become very strained. He rejected U.S. demands on breaking contacts and suspending trade with Iran, maintaining that the U.S. move would "place shackles on Europe." Kinkel indicated that the EU will not let the United States have its own way and that if necessary, it will take measures against U.S. sanctions. These countermeasures will affect U.S. trade and investment interests in Europe.

Kinkel also criticized the U.S. hegemonist move, saying that while pressing its allies to impose sanctions against Iran, the United States imported oil from Iran which exceeded that of Western European nations and connived at Iran's shipment of weapons to Muslims in Bosnia-Herzegovina.

Kinkel called on the United States and Europe to do their utmost to avoid disputes, otherwise the result will be contrary to U.S. expectations.

Great Britain

Regarding the U.S. adoption of the bill imposing sanctions against Cuba, British Minister of State for Trade and Industry Taylor said: It is the United States' business to pursue its foreign policy, but it is a great pity that the United States demands that other countries jointly impose sanctions on Cuba.

At a meeting held by the British-Caribbean Trade Consultation Group, Taylor said that the British Government "expressed grave concern" over the U.S. Government's adoption of the bill imposing sanctions against Cuba and that it will make joint efforts with EU member states to press the United States to change this resolution.

Taylor added: "Britain has no obligation to follow the example of the United States. What is regrettable is that the Helms-Burton bill is an attempt to impose U.S. law on a third party in commercial trade. Therefore, this

bill is totally ill-received." To safeguard the interests of relevant British companies, Taylor said, Britain will take retaliatory measures in the areas of law and trade. A senior official from the British Ministry of Trade and Industry also said that the United States will have to pay a price for this.

France

On the U.S. imposition of "chain sanctions," French President Chirac used sharp words warning: "If the United States adopts the D'Amato bill, then the EU will retaliate." He also made clear that he will not object to being quoted on this remark. A spokesman for the French Ministry of Foreign Affairs pointed out that both France and the EU share identical attitudes on this matter. France does not interfere in other countries' affairs, but the U.S. attempt to affect and harm proper trade relations between Europe and other countries by adopting a blanket bill is "not appropriate" and is a kind of "interference," which is unacceptable to France.

Spain

The Left Alliance [zuo yi lian meng 1563 5065 5114 4145], the third largest party in Spain, proposed to the Las Cortes Generales that it adopt a resolution opposing the U.S. strengthening of sanctions against Cuba. Maistero [ma ai si te luo 7456 1002 2448 3676 5012], a female member of the Las Cortes Generales, noted that by using the threat of sanctions the United States contravened international law and violated other countries' sovereignty. This once again demonstrates that the United States took these measures completely out of its private interests in an attempt to play the role of an international military policeman. Maistero expressed her hope that both the Spanish Government and the Las Cortes Generales would "make a definite response" to this act of "flagrant damage" to other countries' sovereignty.

PRC: Spokesman Comments on Heseltine's Visit, Hong Kong

OW2305092396 Hong Kong AFP in English
0905 GMT 23 May 96

[FBIS Transcribed Text] Beijing, May 23 (AFP) — Beijing said Thursday [23 May] that visiting British Deputy Prime Minister Michael Heseltine had expressed "full confidence" in China's resumption of sovereignty over Hong Kong in 1997.

"In the visit paid by Heseltine to China, both the Chinese side and the British side have expressed their full confidence with regards to China's re-exercise of sovereignty over Hong Kong in 1997," Foreign Ministry spokesman Cui Tiankai said at a media briefing.

"Both sides indicated that they will continue to promote and enhance their cooperation on issues concerning Hong Kong for the sake of the smooth transfer of government and smooth transition of Hong Kong in 1997," he added.

The British colony reverts to Chinese rule on July 1, 1997.

Heseltine arrived Saturday [18 May] on a seven-day trade mission to China. He met with Chinese Premier Li Peng on Tuesday and is scheduled to hold talks with President Jiang Zemin Friday before flying to Hong Kong.

Frosty relations between Beijing and London, which were sparked by minor electoral reforms introduced in Hong Kong by Governor Chris Patten, have warmed since China enacted laws to dismantle the colony's existing legislature and then urged the two sides to work together on remaining issues. [paragraph as received]

Heseltine said Wednesday that "significant progress" had been made on Hong Kong's transfer in the past year and, despite remaining obstacles, he argued that assurances given by the Chinese government had to be taken at face value.

"There is only one interest that China can have in Hong Kong and that is the continued prosperity and stability of Hong Kong," he said.

PRC: Spokesman on Military Technology From Russia, Ukraine

OW2305091496 Hong Kong AFP in English
0858 GMT 23 May 96

[FBIS Transcribed Text] Beijing, May 23 (AFP) — China insisted Thursday [23 May] it had no sinister motives in acquiring military technology from Russia and the Ukraine and said international suspicion was unjustified.

"There are some various kinds of suspicion or worry with regards to military technology cooperation between China and Russia.

"However, all these suspicions or worries are unjustified," said Foreign Ministry spokesman Cui Tiankai.

"China and Russia will take into consideration their respective international obligations in developing their co-operation with regards to military technology cooperation," Cui added.

He said he did not know any of the details of the military cooperation and refused to confirm if SS-18 ballistic missile technology was involved.

In a U.S. newspaper report Tuesday, U.S. Defense Secretary William Perry said the United States had officially protested to Russia and the Ukraine over their negotiations to transfer some components of SS-18 technology to China.

Perry said the transfer of such technology for inter-continental ballistic missiles would violate several Russian-American treaties.

"This is a matter of very high priority for the United States. We don't have evidence that the transfer has occurred, but we will continue to follow the situation carefully," State Department spokesman Nicholas Burns said.

PRC: Spokesman on Imported Garbage, Taiwan Issue

OW2205115796 Beijing China Radio International in English
to Western North America 0400 GMT 22 May 96

[From the "Current Affairs" program]

[FBIS Transcribed Excerpt] China welcomes U.S. President Bill Clinton's approval of MFN status for China. Foreign Ministry spokesman Cui Tiankai said this at Tuesday's [21 May] press conference. He also commented on garbage imported from the United States that was found in Beijing recently. Our reporter Li Yang was there and filed this report:

[Begin recording] [Li] [passage omitted covered by refs one and two] When asked about the discovery of imported U.S. garbage in Beijing, spokesman Cui Tiankai said the issue has already aroused great attention from the Chinese Government. Many Chinese citizens have also shown their concern over the incident. The spokesman said close investigations are being conducted and the results will be published soon. Cui Tiankai stressed that environmental protection has been made one of the basic policies of China.

Many reporters asked Cui Tiankai for comment about Taiwanese [as heard] leader Li Teng-hui's [as heard] latest speech. However, Cui Tiankai said that as a spokesman for the Chinese Foreign Ministry, he is supposed to answer questions concerning the country's foreign policy and major international issues only. He said the Taiwan issue is an internal affair of China.

Some reporters asked about the proposed meeting between leaders from both sides of the Taiwan Strait. Spokesman Cui Tiankai said that in his eight-point proposal issued early in 1995, Chinese President Jiang Zemin made clear China's position on the reunification of the motherland.

When reporters mentioned Li Teng-hui's so-called practical diplomacy, spokesman Cui Tiankai commented: [Interpreter] All [views and thoughts of] pursuing the so-called pragmatic diplomacy and struggling for the so-called space for survival and development, in essence, are the attempt to make ...[changes thought] to create two Chinas or one China, one Taiwan in the international scene. And this will surely meet the firm opposition of the Chinese Government and its people.

That was Foreign Ministry spokesman Cui Tiankai at Tuesday's news conference.

For China Radio International, I am Li Yang. [end recording]

PRC: Vice Premier To Visit 5 European Nations

OW2205112496 Beijing XINHUA in English
1103 GMT 22 May 96

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — Chinese Vice-Premier Li Lanqing will pay an official visit to Hungary, Poland, Lithuania, Estonia and Latvia from May 26 to June 9, announced a Chinese Foreign Ministry spokesman here today.

Li was invited by Peter Medgyessy, chairman of the Economic Cabinet and minister of Finance of Hungary, Grzegorz Kolodko, deputy chairman of the Council of Ministers and Minister of Finance of Poland, Mindaugas Stankys, prime minister of Lithuania, and Tiit Vahi, prime minister of Estonia, and Ziedonis Ceveris, first deputy prime minister of Latvia, the spokesman Cui Tiankai said.

West Europe

PRC: China Implements "Space Solar Telescope" Project

96P30187B Beijing HANGKONG ZHISHI
[AEROSPACE KNOWLEDGE] in Chinese Apr 96
No 4, p 4

[FBIS Summary] A project with century-spanning significance—China's "space solar telescope"—is now being implemented. This solar telescope construction project, which has no international precedent, has drawn the attention of astronomers worldwide. The project is led by CAS Academician Ai Guoxiang [5337 0948 4382], Director of the Huairou Solar Observation Station at the Beijing Observatory. The 1-meter-aperture solar telescope has a budget of \$45 million, to be used for satellite launch and major technical support. Scientists and engineers from the German Space Agency [DARA] and the Max Planck Institute have now begun cooperative pilot research

with Chinese scientists and engineers on this world's most advanced solar telescope.

The scientific objective of this new telescope is to study processes on the scale of the solar "cell," i.e., solar magnetic field processes in a solid angle of 0.1 second. Compared to the Hubble Space Telescope, China's planned space solar telescope—at the same 0.1-second angle—can be used to observe intense-light celestial bodies such as the sun.

It has been learned that this space project has been granted a \$1.5 million loan, to be used for construction of a prototype and for the first flight experiment, to be conducted via balloon in June this year.

PRC: China, Netherlands Sign Aviation Agreement
OW2305113696 *Beijing XINHUA in English*
0908 GMT 23 May 96

[FBIS Transcribed Text] Beijing, May 23 (XINHUA) — China and the Netherlands signed a civil aviation agreement in Beijing today.

Chen Guangyi, director of the Civil Aviation Administration of China (CAAC), and D.J. Van Houten, the Netherlands' ambassador to China, signed the document on behalf of their respective governments.

With the agreement, designated carriers of the two countries can operate regular passenger and cargo flights between Beijing and Amsterdam, and chartered cargo flights between Amsterdam and the south China city of Guangzhou.

The Royal Dutch Airlines will open the first direct flight between Beijing and Amsterdam on June 26, on a twice-a-week basis. And China Southern Airlines has been designated by the CAAC as the Chinese carrier to fly the Sino-Dutch routes.

In his speech at the signing ceremony, van Houten called the agreement the most important one he has signed in his four-year stay in Beijing.

The ambassador said the volume of visitors between China and the Netherlands has surged in recent years, and the current agreement enables the establishment of a direct link between the two countries for the first time.

Amsterdam, he added, in its capacity as both a seaport and an airport open to Chinese cargos and passengers, will become an important link between China and the world.

Chen Guangyi emphasized the importance the Chinese government has attached to Sino-Dutch ties.

He pointed out that the aviation agreement will help expand bilateral political, economic, trade and cultural

exchanges, and promote China's relations with Europe and the whole world.

This is the 71st civil aviation agreement China has signed with other countries, and the third this year, Chen revealed. The country is to sign an agreement with Lebanon later this year.

So far China has established air links with 56 cities in 39 countries and regions across the world. And 40 airlines from 34 countries are operating flights to China.

PRC: Spanish Defense Minister Meets Chinese General

OW2305064796 *Beijing XINHUA in English*
0515 GMT 23 May 96

[FBIS Transcribed Text] Madrid, May 22 (XINHUA) — Spanish Defense Minister Eduardo Serra Rexach said here today that the visit of a senior Chinese military officer will help promote ties between the two armies and friendship between the two peoples.

The newly appointed minister was speaking after he met with General Yu Yongbo, director of the Central Political Department of the People's Liberation Army. Yu is also a member of China's Central Military Commission.

Yu conveyed to Serra Chinese Defense Minister Chi Haotian's congratulations on his appointment.

Serra expressed satisfaction with the development of relations and the successful military cooperation between the two armies.

Yu said that there were many things that the Chinese armed forces could learn from the Spanish army.

He expressed the hope that his visit would help foster understanding, increase contacts and bolster the good relations between the two armies.

Yu also met with other Spanish defense officials.

He is expected to leave Madrid for Portugal Saturday.

PRC: 'Special Article' on Heseltine's Visit

HK2305034096 *Hong Kong WEN WEI PO in Chinese*
18 May 96 p A2

["Special article" by staff reporter Han Hua (7281 2901): "Prospects for Heseltine's Trip to China"]

[PTS Translated Text for FBIS] Among incumbent conservative British cabinet members, Heseltine, deputy prime minister and first secretary of state, can be said to enjoy fairly high prestige, and to be a seasoned cabinet minister carrying considerable weight in British political circles. After Sino-British relations plunged to a low

owing to the Hong Kong issue and turned for the better owing to steadily increasing economic cooperation and trade between the two countries, Heseltine as an important British cabinet member visited China in May last year. One year after his last trip, Heseltine is in China again for a visit upon invitation at a time when Sino-British relations are being adjusted, Sino-British economic cooperation and trade are being further expanded, and the two sides are making progress in their cooperation while having yet to iron out their differences over the Hong Kong issue.

Though a source said Heseltine will mainly discuss bilateral relations and Sino-British economic cooperation and trade with Chinese senior leaders during their meetings and will take a low-key approach to the Hong Kong issue, Chinese leaders and Heseltine will not make only a passing reference to the issue because Heseltine is British deputy prime minister and first secretary of state while the Hong Kong issue is the most important factor affecting Sino-British relations. Expanding Sino-British economic cooperation and trade through negotiations will certainly play a positive role in achieving good cooperation between the two sides over the Hong Kong issue, but only when Britain keeps its promise on the Hong Kong issue and maintains good cooperation with the Chinese side can it pave the way for British businessmen to invest in China and can Sino-British economic cooperation and trade further expand. As a seasoned cabinet minister and newly appointed deputy prime minister and first secretary of state, Heseltine certainly knows the ropes.

After Heseltine's visit to China in May last year, Qian Qichen, Chinese vice premier and foreign minister, visited Britain on invitation in October; British Foreign Secretary Rifkind came to China for a visit on invitation in January this year; Premier Li Peng and Prime Minister John Major met during the Asia-Europe meeting held in Bangkok in March; and Qian Qichen, Chinese vice premier and foreign minister, and British Foreign Secretary Rifkind met in The Hague in April. These five meetings between Chinese and British senior leaders after bilateral relations turned for the better concentrated on the Hong Kong issue. Heseltine's statement that his current trip to China was mainly designed to discuss matters relating to bilateral economic relations and trade complies with his former capacity as British secretary of state for trade and industry, and can be considered his "opening a new road." Heseltine has been a member of the British conservative cabinet attaching the greatest importance to developing Sino-British relations, economic relations and trade in particular. He has said it is Britain's only correct choice to develop friendly and cooperative relations with China. Therefore, his current

visit to China in the capacity of British deputy prime minister and first secretary of state will certainly play a positive and important role in promoting comprehensive improvement and development in Sino-British relations.

In general, during the forthcoming meetings between Chinese leaders including President Jiang Zemin, Premier Li Peng, and Vice Premier Li Lanqing, and Heseltine, the two sides will discuss the foundation for further development of bilateral relations on the principle of focusing on their long-term interest and future, mutual respect, and seeking common ground while reserving differences. During the previous several meetings between Chinese and British leaders, Chinese leaders have said that since China is the biggest developing country in the world while Britain is an important developed country, there exists a practical foundation for the two countries to develop cooperative relations. On the other hand, both China and Britain are permanent members of the UN Security Council, enjoy great weight with the international community, undertake major responsibility for maintaining world peace and stimulating development, and have common interests. All these are factors affecting long-term Sino-British ties. So the two sides should look upon and handle their relations in their future and long-term interests so that they can develop their relations in a stable and healthy manner and for a long time to come.

Furthermore, as the two countries are different in their social systems, cultural traditions, value concepts, and development levels, they can increase mutual understanding and learn from each other's strong points to offset their weaknesses on the principle of agreeing to disagree and respecting each other.

The two sides should follow the same track in developing their economic relations and trade. From the time the two countries formally established diplomatic relations until the 1970's, Britain was China's largest trading partner in Western Europe. But during the 1980's, Britain failed to retain its rank in trade with China despite fairly rapid growth in the volume of bilateral trade. In fact, there is enormous potential for the two countries to develop economic cooperation and trade, and their economies are complementary to a great extent, so the two sides can supplement each other's advantages and mutually benefit if they can intensify cooperation upon the principle of equality and mutual benefit. Wu Yi, Chinese minister of Foreign Trade and Economic Cooperation, who personally attended the signing ceremonies for many Sino-French economic cooperation and trade agreements during her visit to France, candidly acknowledged that "Britons remain our good matches in negotiations." British businessmen will certainly feel encouraged if they hear her remarks. Heseltine is lead-

ing a 250-member delegation of VIP's from industrial and commercial circles, and the delegation has arranged to hold many meetings with ministers or vice ministers of major ministries or commissions, so the delegation's efforts will possibly be rewarded with a number of tangible contracts in their struggle to expand market share in China.

But all this will not be achieved in the absence of good cooperation between China and Britain on the Hong Kong issue. It can be said that the Hong Kong issue and Sino-British economic relations and

trade depend on each other and go hand in hand. With the Chinese Government's resumption of its sovereignty over Hong Kong only 400 days away, how the British side will keep its promise and strengthen cooperation and consultation with the Chinese side is a matter of responsibility and guarantee; in the meantime, maintaining Hong Kong's prosperity and stability is in the common interest of both countries, the people of both countries, and the people of Hong Kong. Britons, including Heseltine, should understand this point.

Political & Social

PRC: Qiao Shi Only Viable Contender To Challenge Jiang Zemin

HK2305055596 Hong Kong SOUTH CHINA MORNING POST in English 23 May 96 p 10

[By Willy Wo-Lap Lam]

[PTS Transcribed Text for FBIS] National People's Congress Chairman Qiao Shi has made a bid for power by arguing that the authority of China's legislature must be expanded.

Speaking in a recent internal staff meeting, Mr Qiao indicated the only way that political reform should proceed was boosting the role of the NPC.

"China is unlike other countries, and political reform must take into consideration the country's complexity and contradictions," party sources quoted Mr Qiao as saying. "It can only be undertaken in a gradual way so as to minimise disruption to the economy and society."

Mr Qiao, who is also a member of the Politburo Standing Committee, said that as a first step the Standing Committee of the NPC should be given more powers to supervise the administration. These powers, he said, included changing or vetoing the budget as well as shaping major policies.

Moreover, the chief legislator wanted to change the method for selecting NPC members in order to make the body more professional.

It is believed that Mr Qiao wants more legal experts as well as politically neutral professionals to become full-time legislators.

Since the early 1950s, the Communist Party has appointed "model proletarians" and "people's representatives" to the body, and most legislators take part in law-making only when they meet once a year for the plenary NPC session.

Moreover, a large number of central and regional officials are given ex-officio NPC memberships, thus rendering the process of checks and balance difficult.

"The NPC should have more supervisory powers," Mr Qiao reportedly said. "This can be accomplished through lawmaking, ensuring that laws are observed, and, in some instances, impeaching officials."

During indirect elections for positions ranging from the department head of a city to provincial governors, local-level people's congresses have, since the early 1990s, shot down dozens of candidates nominated by the party's Organisation Department.

"Many party cadres have criticised the NPC for 'usurping power' by snubbing candidates favoured by Beijing," an NPC source said. "However, in more and more provinces and cities, party and government heads are beginning to curry favour with parliamentarians."

Mr Qiao, the leader of the party's moderate wing, is considered the only viable contender to challenge party chief Jiang Zemin for the position of Deng Xiaoping's successor.

PRC: Report on Jiang Zemin's Time as Automobile Factory Worker

HK2105015796 Hong Kong SOUTH CHINA MORNING POST in English 20 May 96 p 17

[By Jasper Becker]

[PTS Transcribed Text for FBIS] China's President Jiang Zemin's first and only real job outside politics was at the First Automobile Works (FAW) in Changchun, a model Soviet-designed factory, where he spent five formative years.

"It was a very significant experience for him," said Yin Wen, first deputy mayor of Changchun and like Mr Jiang, a trained electrical engineer.

"He worked and lived with ordinary workers. It was very important for him to work in some grassroots units and by working in FAW, he understood factories and workers."

President Jiang, who was already 30 when he started working at the plant's coal-fired power-station, is still remembered by former colleagues.

"At the time I never imagined that he would become general secretary," admitted Li Shizheng, now head of the plant's information office, before adding hastily: "Of course, I always thought that he was very capable and very kindhearted to workers and cadres. He had a just attitude and a very efficient, vigorous style of working."

Mr Jiang is the only top leader in Chinese history ever to have earned his living in a factory, although China is officially a dictatorship of the proletariat and the industrial workers are hailed in the constitution as its vanguard. Although Deng Xiaoping spent a few months working in factory in France, no other Chinese leader this century had ever held down an ordinary job.

Soon after Mr Jiang left Jiaotong University in Shanghai with an undergraduate degree in electrical engineering, he was one of 1,000 workers selected to be sent for training at the prestigious Stalin Auto plant outside Moscow.

After a year adding Russian to his knowledge of English, Mr Jiang spent 12 months training at the giant carworks where he was also the party secretary in charge of the other Chinese trainees. The Stalin carworks were the greatest in the Soviet Union and conceived as the answer to Ford's Rouge plant in Detroit where the first assembly production line was created.

In 1956, Mr Jiang arrived in Changchun in time for the plant's October inauguration. Soviet experts had begun designing China's first car plant three years earlier.

Changchun was chosen because at that time it was the heartland of heavy industry thanks first to the railroads constructed by the Russians and then the industrial investments of the occupying Japanese.

Changchun had been the capital of the Japanese puppet state Manchukuo, and was at the heart of China's Moscow-inspired plans to develop heavy industry.

For many of China's current leaders, Jilin province was the cradle of their careers. Premier Li Peng after six years studying at the Moscow Power Institute, Department of Hydropower Generation, came to Jilin in 1955, first as the deputy director and then chief engineer of Fengman Power Plant. The plant lies about 150 kilometres east of Changchun and was at the time the most important hydro-electrical plant in China, although it was originally built by the Japanese.

When FAW opened, it only produced the Liberation trucks, which are so ubiquitous they have become an icon of Communist China. However, in the 1950s the FAW was more than just a factory; it was conceived as a modern industrial utopia. A place where quotas were eternally achieved ahead of schedule and plans were always over-fulfilled. Its 30,000 workers were handpicked from all over the country on the basis of exams and their class background. They were given the best — a large modern hospital, a kindergarten, primary and middle schools and even special shops.

Mr Jiang lived in one of the blocks of red-brick residential housing built by the factory which still dominate the streets. Even the two-room flat he lived in represented the best that China had to offer — wooden floors, a gas cooker, toilets, showers, central heating and double glazing.

The power plant is closed off to visitors but one can peep through the main gate where a statue of a worker on a white horse guards the entrance to its smokestacks. Li Shizheng says he cannot recall much about Mr Jiang's achievements in engineering or production. However, he did remember the enthusiasm with which he organised other activities.

"He always paid attention to the construction of a spiritual civilisation and led campaigns for hygiene and beautification, as well as encouraging cultural and sporting activities," Mr Li said.

In those days Mr Jiang was already apparently famous for his singing.

"He liked Russian songs and especially Beijing opera, he played the piano and the erhu and he enjoyed watching ping pong and basketball," Mr Li said. "Under his influence, culture and sports flourished."

More significantly, the factory, like the rest of the country was constantly in the midst of massive public campaigns, the greatest of which was the Great Leap Forward launched in early 1958.

Chairman Mao Zedong himself came to FAW in 1958. Soon afterwards, the factory announced ambitious plans — it would solve 2,000 difficult problems, quadruple production to 40,000 trucks a year while halving production costs. And within five years, the factory said it would produce 73 models and raise output eight-fold.

Those who resisted or opposed these over-ambitious plans were purged as rightists. Under the impetus of the "leap", FAW did register some impressive achievements.

The trucks were made entirely from domestically produced parts and FAW launched production of new lines for off-road trucks, the Dong Feng passenger car (which has since disappeared) and most prestigious of all, the Red Flag limousine.

From 1959 onwards Mao was invariably seen in an armour-plated and bullet-proof Red Flag limousine made at FAW.

That year was also the height of the backyard furnace steel production campaign. Shortly after Mr Deng visited the factory, FAW announced it would cast 800 tonnes of iron and 1,500 tonnes of steel in a mere 11 days. One furnace reportedly made 6.6 tonnes in a day and the power plant reportedly produced 102 tonnes of steel in one day.

"We melted down lots of pots and scrap to make steel in the factory but what came out was useless for making cars," Mr Li recalled.

At that period workers were also encouraged to use their imagination, and the plant and its associated research and design centre came up with ingenious products — air-pumps out of wood to save steel, cars whose body was made of wood, bamboo and canvass instead of metal, and trucks so large they could carry 60-tonne loads.

In the autumn of 1959, the Changchun Daily summed up FAW's record with the words: "In six years they travelled a road which took capitalist countries 20 years to cover."

After that, as the Chinese economy collapsed amidst a nationwide famine, reports of continued production successes disappeared from the pages of the newspaper, although Mr Li maintains that FAW continued to manufacture trucks.

During the next two years, China broke off ties with Moscow, sending the Soviet engineers home while workers were ordered to train as soldiers and to go out and produce extra food.

"We were very hungry eating only one pound of grain a day," said Mr Li.

During Mr Jiang's five years there, he was promoted and become director of the power plant and put in charge of 1,000 workers.

In 1962, he left FAW to work in various institutes in Shanghai and Wuhan before moving to the foreign affairs department of the First Ministry of Machine Building and in 1970 he was sent to Romania as the ministry's representative.

PRC: Deng Xiaoping's Son-in-Law Says Deng in 'Good Health'

OW2205120996 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1035 GMT 22 May 96

[FBIS Translated Text] Hong Kong, 22 May (ZTS) — Wu Jianchang, son-in-law of China's old leader [yuan lao 0337 5071] Deng Xiaoping, was today asked by reporters about Deng's health. He said: Deng Xiaoping is in a very good health condition [jian kang qing kuang hen hao 0256 1660 1906 0400 1771 1170], and he hopes to come to Hong Kong to have a look after China's sovereignty is restored in 1997.

When attending the meeting of China Nonferrous Metal Industrial Group today, Wu Jianchang told reporters that Deng Xiaoping is in very good health condition at present [mu qian jian kang qing kuang he hao 4158 0467 0256 1660 1906 0400 1771 1170]. He said that Deng Xiaoping still hopes to be able to visit Hong Kong after 1997 [reng xi wang jiu qi hou neng lai xiang gang 0095 1585 2598 0046 0003 0683 5174 0171 7449 3263], and it seems that there will be no problem according to his current health condition [yi xian shi de jian kang qing kuang kan ying wu wen ti 0110 3807 2514 4104 0256 1660 3692 0400 4170 2019 2477 0795 7344].

On the other hand, Wu Jianchang, general manager of China Nonferrous Metal Industrial Corporation, said

that Jiangxi Copper, a subsidiary enterprise of his corporation, has been allowed to be listed on overseas stock markets, and it is now selecting the listing place. He said his corporation is planning to make subordinate large enterprises that produce copper, aluminum, lead, zinc, nickel, and hard alloy and directly hold shares of China Nonferrous Metal (Hong Kong) Holding Company. With the strength of the two companies that are listed in Hong Kong (Dongfang Nonferrous Metal and Dongfang Qinyuan), they will grow into the overseas center of the mother company's internationalization.

PRC: North America Beam Airls 1st Serial Report on Orphanages

OW2205155096 Beijing China Radio International in English
to Western North America 0400 GMT 21 May 96

[From the "Current Affairs" program]

[FBIS Transcribed Text] Earlier this year, the Western media published fabricated reports on the situation in China's children welfare institutions. China's Foreign Ministry, the Ministry of Civil Affairs, and China Radio International [CRI] have since received many letters from home and abroad asserting that the reports are not based on facts. CRI reporter Zhao Xiyuan talked with China's senior officials, children experts, medical staff, and even orphans themselves, and filed this first of a series of reports on the subject. Here is Xiao Hong:

[Begin recording] [Xiao] Since its establishment in 1949, the People's Republic of China has attached great importance to the survival, protection, and development of children, especially orphans. Yan Mingfu is vice minister of civil affairs and oversees the welfare and settlement of the country's orphaned, abandoned, and disabled children. He outlined China's laws and regulations on the protection of orphans' rights and interests.

[Yan, in Mandarin fading into English report] The vice minister said: The Chinese Constitution clearly says that children are protected by the state, and maltreatment of children is prohibited. Formulated according to the Constitution, China's relevant laws, such as the Adoption Law, the Law on the Protection of the Underaged, and the Compulsory Education Law provide legal guarantees for the protection of children's interests.

The vice minister said: Six years ago, the Chinese Government signed the United Nations Convention on the Rights of Children. Shortly after that, the government issued the outline of a program for Chinese children's development in the 1990's. The program put forward main objectives for the improvement of welfare homes' functions, institutional care, education,

and rehabilitation. As a result, the annual decrease in infant mortality since 1990 has been 6.5 percent. He said: No other country with an annual per capita income similar to China's has reached that level.

Dr. Wu Zhongze has been involved in the social welfare management program for many years. He has conducted a lot of research on the origin and adoption of orphans in China.

[Wu, in Mandarin fading into English report] About 20,000 orphans live in over 1,200 social welfare homes across the country. In these government- or collectively sponsored welfare institutions, orphans are properly fed and given medical treatment and education. Some children can even go on to institutions of higher learning. Disabled children are sent to special schools. Some of the orphans are adopted by families from home and abroad according to the procedures dictated by China's Adoption Law. Dr. Wu said: At least 1,000 orphans are adopted by foreign parents each year.

Talking about the funding of children's welfare institutions, Dr. Wu Zhongze said: Most of this comes from special allocations by central and local governments.

The researcher said: Various expenses, including housing, the children's per diem expenses, and the salaries of staff members in the welfare homes, are the responsibility of governments at all levels. He said: The monthly expense for a child in an urban welfare home is 400 to 500 yuan, no lower than the average living expense of an ordinary city resident. In addition to government funding, there are also funds from enterprises, charity institutions, individuals, and welfare lotteries. All these funds help to ensure that the basic needs of children in welfare homes are met.

With that, we conclude the first part of our series of reports on the situation in China's welfare homes. Tomorrow, we will take you to the Beijing Welfare Institute and talk with some children there. I am Xiao Hong. Join us tomorrow. [end recording]

PRC: North America Beam Airs 2d Serial Report on Orphanages

OW2205155796 Beijing China Radio International
in English
to Western North America 0400 GMT 22 May 96

[From the "Current Affairs" program]

[FBIS Transcribed Text] In our second part of the Chinese children's welfare series, we will bring you to visit the Beijing Welfare Institute. The Beijing Welfare Institute is located in the city suburbs, about 20 kilometers north of Tiananmen Square. The institute

is one of thousands of its kind in China that take care of abandoned children. Xiao Hong will guide us.

[Begin recording] [Xiao] [A boy sings in Mandarin, fading into English report] The singer of this song is a 12-year-old boy named Hailong. He has been living at the Beijing Welfare Institute for nine years. He told us a little about himself.

[Hailong, in Mandarin, fading into English] I was sent here when I was three years old. I think my parents abandoned me because my legs were crippled. Dr. Xinchang at the rehabilitation center cured my illness. Now I can run and play like other boys. I am given books and toys to study and play with, and I feel the welfare institute is my home.

[Xiao] Like Hailong, about 400 orphans live at the Beijing Welfare Institute. The Beijing Municipal Government allocated 10 million yuan to build the institute's main building, which is divided into living quarters, medical treatment rooms, and teaching rooms. Outside in the green courtyard is a playground with slides and swings and many other entertainments to delight young children. Deputy Director Wang Xiaoping has been working at the institute for over 10 years.

[Wang, in Mandarin fading into English] Many of the orphans here are physically disabled. Some are even mentally retarded. The youngest came here when he was only several days old. So besides teachers, our institute must also provide medical personnel and nutritionists. Medical staff in the welfare institute deal with commonplace illnesses, but more serious cases are referred to the city's larger hospitals.

[Xiao] The deputy director said: Usually the medical fees to correct congenital defects are quite high. Even children with parents can't afford them. These orphans, however, are lucky because welfare institutes, charity organizations, and the government give them a hand. She said that in recent years, 60 orphans in her institute had undergone successful surgical procedures at the city's major hospitals free of charge. According to China's Education Law, the Beijing Welfare Institute sends healthy orphans to nearby schools. The disabled are sent to special schools for the blind and deaf. Some orphans with good academic performance even go to institutes of higher learning. Twenty-six-year-old Xinyu grew up at the Beijing Welfare Institute. After graduating from high school, he was assigned a job in a toy factory.

[Xinyu, in Mandarin fading into English] I don't know who my parents are. I live under the care of the government and the welfare institute. Now I can earn

my own living. For me, visiting the welfare home is like a family reunion.

[Xiao] As a developing country, China's welfare facilities still lag behind those of many developed countries. But China is doing its best with limited resources to care for its children. Sources from the Ministry of Civil Affairs say that this year 100 welfare institutions in the country will receive state funds for renovation and expansion.

With that, we conclude part two of our series of reports on China's orphans. I am Xiao Hong. Tomorrow, we'll visit the Tianjin Welfare Institute, where many foreign volunteers work. Be sure to be with us. [end recording]

PRC: NPC Standing Committee Appoints Procurators

OW1905101596 Beijing XINHUA Domestic Service
in Chinese 0837 GMT 15 May 96

[FBIS Translated Text] Beijing, 15 May (XINHUA) — The National People's Congress [NPC] Standing Committee's appointments, adopted at the 19th Session of the Eighth NPC Standing Committee on 15 May 1996:

Sun Li, Li Zhongcheng, Yang Guixiang (female), Yu Zhongsheng, Luo Manchang, Bai Zhongli, Wei Jun, Wen Xianbao, Xin Hong (female), Li Jianhua (female), Dai Zhongjin (female), Cui Xiazhang, Wang Bingyi are appointed procurators of the Supreme People's Procuratorate.

PRC: NPC Appoints New Environmental Committee Member

OW1905075796 Beijing XINHUA Domestic Service
in Chinese 1228 GMT 15 May 96

[FBIS Translated Text] Beijing, 15 May (XINHUA) — The 19th Session of the Eighth National People's Congress [NPC] Standing Committee adopted a decision to appoint Wu Jie (Mongolian) as a member of the Eighth NPC Environmental and Resources Protection Committee.

PRC: Li Peng Urges Mayors To Build Better Cities

OW2205164996 Beijing XINHUA in English
1548 GMT 22 May 96

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — Chinese Premier Li Peng has urged mayors of Chinese cities to do a better job in city management.

The premier made the call during a meeting with members of the Chinese Association of Mayors Tuesday.

On future urban construction in China, Li Peng said that the scope of cities should be put under control, because a city will be hard to manage when it gets too large and there will be many problems. Unlimited expansion of cities will no doubt encroach upon arable land — vegetable gardens in the first place, which will affect food supply for city residents, he said.

He noted that the scope of nationwide urban development should be reassessed, and the size of cities should be determined properly. In urban construction the existing urban area should be fully utilized so as to save arable land, and the construction of satellite towns should be encouraged.

As traffic jams are a big problem in cities, Li said, top priority should be given to the development of public transportation.

He stressed that the construction of luxury buildings must be kept under control, and more residential buildings should be built.

The premier also urged the mayors to pay great attention to the production and marketing of vegetables, meat, eggs and milk to ensure ample supply for urban residents.

PRC: CPC Plenum To Stress Ideological, Cultural Progress

HK2005073996 Hong Kong MING PAO in Chinese
13 May 96 p A6

[Report by staff special correspondent Chu Lo-chuan (6175 2867 3123): "Sixth Plenum To Be Held in Mid September; Drive To Crack Down on Criminals To Last One Year"]

[PTS Translated Text for FBIS] As disclosed by a source, the Sixth Plenary Session of the 14th CPC Committee, which will focus on promoting ideological and cultural progress, is to be held in Beijing in mid-September this year. The Political Bureau has no intention of convening the meeting before the due date. The meeting will finally come up with ideas for the long-range plan to promote ideological and cultural progress. General Secretary Jiang Zemin and the Political Bureau have given instructions calling for efforts to maintain for one year the existing drive to "deal harsh blows against criminals" and the momentum of propaganda about social ethics, while the party committees of various provinces are required to submit their findings in reports to the party Central Committee this summer on the building of ethics and on programs to promote spiritual civilization. Political analysts believe that this will lay a powerful theoretical foundation for finally establishing "Jiang Zemin as the core of the party" in the

run-up to the 21st century and beyond at the 15th National CPC Congress scheduled for next year.

Various Localities Will Submit Reports on Ethics Building

The source pointed out that the CPC Central Committee intends, through preparation for and convocation of the sixth plenary session, to develop a vigorous campaign for enhancing the people's ideological, cultural, and moral levels on the mainland — similar to the campaign to learn from Lei Feng in the early 1960's — so as to reverse the passive situation in which China's image in terms of civilization has failed to match its achievements in economic construction since the introduction of the reform and opening-up program. Thus they intend to put into effect Deng Xiaoping's earlier directive about "building the spiritual and material civilizations simultaneously." Though the Ninth Five-Year Plan for National Economic and Social Development and the Long-Range Objectives to the Year 2010 defined by the "two sessions" held in the spring of this year have incorporated some tasks for ethics building, the blueprint dealt mainly with economic and social development. At the sixth plenary session, the central authorities will formulate — the way they studied and defined the Ninth Five-Year Plan — a document that will serve as a guide for ethics building for a fairly long period to come. The CPC Is Doing Its Utmost To Save the Desperate Situation of Moral

Degeneration

The party committees of various provinces, municipalities, autonomous regions, ministries and commissions under the State Council, and the military system are conducting comprehensive investigations into, and regulating their ethics building so to make adequate preparations for the sixth plenary session. The findings, reports, and opinions on improving the work will be delivered to the central authorities ahead of the meeting to be held in Beidaihe this summer. It has been learned that various localities and systems are to focus on the following items in carrying out the investigation, as required by the central authorities.

How has Deng Xiaoping's theory (namely his idea of building socialism with Chinese characteristics) been studied, publicized, and implemented?

How have party-member cadres been educated on the world outlook, outlook on life, and political point of view?

How have various regions and industries conducted education and propaganda about ethics, morals, professional ethics, and social ethics among civilians and workers

and staff, and encouraged the people to learn from model workers?

According to a report, the "campaign to deal harsh blows against criminals," which was initiated nationwide in the late spring of this year, does not constitute a component part of ethics building. The authorities have made it clear that the "campaign" serves to lay a foundation for ethics building, and that only when social order is comparatively stable can spiritual civilization be promoted. Therefore the central Political Bureau required all localities to engage in a prolonged struggle against criminals. The deterrent against various criminals and criminal gangs will last at least one year so as to ensure that public security will have a sharp turn for the better.

Concern About Restoration of Left-Deviationist Line

The Chinese authorities' measures to step up ethics building aroused controversy among intellectuals. While affirming the importance of spiritual civilization, people are worried that the left-deviationist line will stage a comeback as a result of tightening control of the ideological field in the name of stressing politics and spiritual civilization. An expert said in his analysis that the mainland departments responsible for economics and ideology are two separate organs having their own way. While the market economy is prevailing, the department responsible for ideological education has not found an effective way to raise the people's ethical level through education. So when the authorities call for expediting ethics building, the department in charge can only repeat the outdated and formalistic methods used before the "cultural revolution," such as learning from model workers and conducting ideological education. Some theorists even maintain that mainland people should not be expected to behave as required by the socialist world outlook, which is unattainable. The relevant department should focus in a practical way on education, on basic ethics, professional ethics, and social ethics, they added.

PRC: Book On CPC Party Building Published

OW1905075696 Beijing XINHUA Domestic Service in Chinese 0217 GMT 13 May 96

[By reporter Song Wenfa (1345 2429 3127)]

[FBIS Translated Text] Beijing, 13 MaY (XINHUA) — "The Party Building History of the Communist Party of China (1921-1994)" was recently published by the Party Building Readings Publishing House under the Central Organization Department. The book, edited by Song Xiaoming, systematically relates how the CPC, basing

on Marxist principle on party building, established a political party with the nature of being the vanguard of the Chinese working class. It also relates experience and lesson in party building, the party's rich development of Marxist principle on party building, and the party's unique achievements. Many historical materials cited in the book are published for the first time.

PRC: Jiangsu Official on Crime Crackdown

OW2205100996 Nanjing XINHUA RIBAO in Chinese
2 May 96 pp 1, 4

[By staff reporter Liu Shoutong (0491 1108 2717) and reporter trainee Wang Jing (3769 7234): "Firmly Implementing the Policy Decision of the Central and Provincial Party Committees and Launching a Forceful 'Crime Crackdown' Struggle — An Interview with Li Mingchao, Standing Committee Member of the Provincial Party Committee, Secretary of the Provincial Political and Legal Commission, and Director of the Provincial Public Security Department, on Issues Concerning 'Crime Crackdown' Struggle"]

[FBIS Translated Text] According to a series of important instructions and guidelines, issued by the central authorities and the provincial party committee and government, on maintaining public order and social stability, a province-wide struggle that swiftly, forcefully, and sternly cracks down on serious criminal activities is ongoing. Li Mingchao, standing committee member of the provincial party committee, secretary of the provincial political and legal commission, and director of the provincial public security department, recently answered reporters' questions on the need and importance of launching the "crime crackdown" struggle, the guiding ideology for and major missions in the "crime crackdown" struggle, how to properly integrate "crime crackdown" and "crime precaution," and others.

Reporters: Why do we launch this struggle of sternly cracking down on crime?

Li: Presently, the situation of public order in Jiangsu is generally stable, which has provided a powerful guarantee for economic construction and development of various social undertakings. Since the beginning of this year, however, there have been signs of poor public order in some places in Jiangsu Province and around the country. Serious criminal activities are conspicuous and a series of criminal cases, including homicides and robberies, have brought about harmful and bad influence. Cases of organized crimes as well as criminal activities involving firearms have increased. The violence and viciousness of crimes have intensified. Drug taking, manufacturing, and trafficking; prostitution and whoring; manufacturing and distributing pornographic

materials; gambling; and other social evils continued to spread in a number of places. These noticeable problems in public order have seriously weakened people's sense of security. Out of strong resentment against these crimes, various circles of society and the people have called on the party and government to take effective measures to sternly crack down on serious criminal activities.

The party Central Committee and State Council have attached great importance to their call, heard many briefings by departments concerned, conducted research on special subjects, and arranged for the nationwide "crime crackdown" struggle. According to the instructions of the central authorities and the actual situation in Jiangsu, the provincial party committee and government have decided to take forceful measures and concentrate their efforts on a "crime crackdown" struggle across the province, so as to clamp down on the criminals' arrogance and restore the people's confidence in and hope for public order.

Reporters: What is the general guiding ideology and major mission for this "crime crackdown" struggle?

Li: The general guiding ideology for the ongoing struggle is adhering to the principle of rapidly and sternly cracking down on criminal elements, who seriously jeopardize public security, according to law, in vigorously dealing with noticeable security problems strongly resented by the people, firmly clamping down on the rampant arrogance of criminal elements, effectively curbing the rise of seriously vicious cases, rapidly reversing the chaotic public order in some places, and truly safeguarding social and political stability in Jiangsu.

The ongoing "crime crackdown" includes six major missions: (1) solving some seriously vicious cases of robbery and homicide. It is necessary to organize our efforts, surmount difficulties, and strive to solve, within a short period of time, a number of cases of break-in armed robberies and armed robberies targeting materials delivery, motor vehicles, banking units, and persons withdrawing money from the bank; cases of homicides involving firearms, car hijacking, the killing and injuring a number of people at a time, homicides that include the destruction of the bodies, and serial killings; and other vicious cases strongly resented by the people. (2) firmly crack down on the evil forces of criminal syndicates and hooligans. These criminal gangs, which are bitterly abhorred by the people, have done very great harm. Therefore, we must pay earnest attention to the call of the people, eliminate all interference, make full use of legal weapons, and firmly root out and bring the criminal elements to justice to boost and support

the people's courage. We should also firmly expose and deal with these criminals' backstage supporters and protecting power, be thorough in exterminating evils, and suppress the evil with the virtuous. (3) Chaotic security conditions in some districts, areas, and roads must be emphatically dealt with. It is necessary to find out problems in a timely manner through comprehensive and thorough investigation, screening, and rectification, in order to redress the problems timely and to truly change the places where the situation is going out of hand. (4) Strictly investigate and ban drug abuse and trafficking, pornographic materials manufacturing and distribution, prostitution and whoring, gambling, and other social evils. It is necessary to crack down on and deal with some criminal elements involved in the drug and pornographic business; destroy some criminals' lairs; and raid some places where prostitution, whoring, and other activities of this kind are undertaken. (5) determine to pursue and capture some escaped criminals involved in major cases. It is necessary to practice the responsibility system and strengthen regional coordination to capture major criminal elements who are still at large as soon as possible, so as to reduce their serious threat to public order. (6) vigorously seize illegal firearms, ammunition, explosives, and controlled cutting tools, and sternly crack down on the illegal manufacturing and sale of these things. It is necessary to intensify the efforts to seize these objects by conducting a special rectification campaign on them at an opportune time.

Reporters: What effective measures will the judicial and public security organs take to make sure substantial results are achieved in the "crime crackdown" struggle?

Li: To make sure substantial results are produced in this struggle, judicial and public security organs at various levels must go all out and engage in this struggle under the direct leadership of the party committees and governments: First, they should proceed from the actual situation, suit measures to local conditions, and clarify the emphases in the struggle. They should pay close attention to the problems of crime and make plans against them; efforts should concentrate on the settlement of conspicuous problems and on the crackdown of serious crimes. They must have an objective in view for substantial results. Second, they should launch an extensive propaganda to boost the momentum for "crime crackdown" struggle. The press, radio, and television should fully play their role of guiding the public opinion by intensifying the propaganda on public security work, emphatically publicizing "crime crackdown" measures taken by various localities and their results, and giving publicity to good people and their good deeds about fighting criminal elements as well as the heroic deeds of the people's police on the frontline about their

fearlessness of hardships and sacrifice in fighting criminals and protecting the people. Such propaganda should encourage the healthy trend, shock the criminals, enhance people's consciousness of self-precaution as well as their confidence and courage in fighting law-breaking criminals, and bring about a good practice to society in which everybody is concerned about the public security situation, work with each other to solve public security problems, and spare no effort in safeguarding public order. Third, they should make full use of legal weapons to sternly and rapidly punish serious criminal offenders according to the law. They should firmly refuse the substitution of punishments by fines, so as to intimidate the criminals and encourage the people. They should uphold the policy of integrating punishment with leniency and leniently deal with those whose crimes are slight and do not harm society seriously; and those who actively turn themselves in and make contributions by thoroughly and frankly making a clean breast of their crimes. Fourth, public security organs, police of various kinds, and all departments must coordinate closely, and districts must strengthen their cooperation to form an overall battle mechanism characterized by joint operation across the province and coordination among districts.

Reporters: To maintain a long period of peace and order in society, what precautions will public security organs take against the crime while launching the "crime crackdown?"

Li: While firmly proceeding with the "crime crackdown" struggle, public security organs should integrate the crackdown with precaution by strengthening the control on the social side. They should conscientiously implement "some regulations" on practicing the leaders' responsibility system for comprehensive management of public security and their "rules for implementation" issued by the central and provincial departments concerned. They should also vigorously promote the fulfillment of various measures for comprehensive management of public security and fully bring into play the important role of the precautionary and controlling system for public security. On the road sections where highway robbers are rampant, localities concerned should enforce contracted responsibility system and enhance precautionary and controlling measures. In big and medium cities and in counties, cities, and townships where public security conditions are complicated, the strength of all sectors must be mobilized and an overall patrolling plan should be initiated. Local police stations should organize joint commands of defense forces and factory-guarding teams to intensify precautionary patrols in areas under their jurisdiction. Units within enterprises should continue to promote various types of security responsibility systems; a series of activities of constructing safe and

qualified financial and accounting offices, warehouses, and doors; and a responsibility system of compensation for the theft of collective-owned property, so that the precautionary work is done in every unit. In the meantime, public security organs should integrate the "crime crackdown" struggle with efforts to promote basic construction of grassroots public security units, strengthen the organizations for group prevention and management, and link up all such organizations to bring them to use as a whole.

PRC: National Campaign Urges Severe Punishment for Criminals

*HK2305081596 Beijing RENMIN RIBAO in Chinese
10 May 96 p 3*

["Special commentary" by Liu Jiachen (0491 1367 3819), vice president of the supreme people's court: "Give Full Play to Functions of Court Trials to Severely Punish Criminals Guilty of Serious Crimes"]

[PTS Translated Text for FBIS] The campaign to crack down on crimes seriously endangering social security, which is underway nationwide, was designed to crack a large number of major cases especially vicious cases, arrest a large number of criminals at large, and deal quick and harsh blows to a large number of criminals who have committed serious offenses and earned the bitter hatred of the people. This is an effective measure adopted by the party and government in light of our country's current situation with social order to bring social order in some localities out of a chaotic state and establish good social order.

The people's court as the state judicial organ is an important instrument of the people's democratic dictatorship, and its extremely important functions, among others, is to severely punish all types of criminals through trials and by punitive means in order to maintain social stability and tranquility and ensure the broad masses of people live and work in peace and contentment. According to the division of labor stipulated by our laws, after the public security organ cracks a criminal case and the procuratorial organ brings a suit against the criminal suspect, the people's court opens a court session to try the case to determine whether the accused is guilty or not and to impose a penalty on the accused if found guilty, according to the seriousness of his crime. It can be said that the people's court has the final say in punishing criminals. In a sense, the harshness of punishment is decided, to a great extent, by the sternness of the people's court in trying the criminal. The people's court plays a decisive and irreplaceable role in the "current campaign to deal harsh blows against criminals." Therefore, the people's court must bring into full play its judicial functions in cracking down upon criminal

activities and protecting the people, throw themselves into the war on crimes, and take a firm and effective grasp of the campaign regarding it as a top priority judicial task.

Since 1983, we have effectively punctured the arrogance of criminals and greatly contained the growth in criminal activities, which seriously endangered social security, through several campaigns, which totaled many years, to "deal harsh blows to criminals." The remarkable achievements we have made in the campaigns and the important role the campaigns have played are there for all to see and are undoubtable. But over the last few years, some places have seen social chaos, a sharp increase in vicious criminal activities, and desperate situations without social security, arousing strong resentment among the people. To basically restore social order, establish a good social order, and create an environment in which people can live and engage in production more satisfactorily, the party Central Committee has made a timely decision to "deal harsh blows against criminals." This decision has been warmly welcomed by various sectors and the broad masses of people.

To put the central plan for "severely punishing criminals" into effect, the supreme court has issued several circulars in succession, making arrangements for the people's court to do well its judicial jobs in severely punishing criminals who have seriously endangered social security and in maintaining social security. Serious criminal offenses such as murder, robbery, explosion, and hooliganism, which seriously endanger social security, not only constitute a dire threat to people's lives and their property, but also greatly disrupt social order and adversely affect social stability. We must not be soft on these criminals who run amuck, ignore laws, and cause widespread damage, but rather fight crimes more vigorously and deal harsh blows against them by severe punitive means. China's criminal law and relevant resolutions adopted by the National People's Congress Standing Committee have defined stern punishment for these criminals, providing powerful legal weapons for the people's court in severely punishing these criminals. In the current campaign against criminal activities, all levels of courts must, in the basic interest of the masses and the state, firmly follow the principle of dealing quick and harsh blows against criminals, accelerate the campaign, and crack down on all kinds of serious crimes which greatly endanger social security and stability.

We are convinced that under the leadership of the party Central Committee and all levels of party committees and through the common efforts of public security organs, procuratorial organs, and people's courts, we will be able to clamp down on crimes which seriously endanger social security, and basically bring some localities

out of chaos, thus providing powerful legal guarantees for reform, opening up, and economic development, and making sure the people can live and work in peace and contentment.

Science & Technology

PRC: TA KUNG PAO on the Internet

HK2305074896 Hong Kong TA KUNG PAO
in Chinese 15 May 96 p A1

[Report: "'TA KUNG PAO' on the Internet"]

[PTS Translated Text for FBIS] TA KUNG PAO, one of the oldest Chinese newspapers in the world, will be published in the most sophisticated form commencing on 15 May. The newspaper will be on the internet for overseas readers to browse through.

Readers all over the world may browse through the latest news on China, Hong Kong, and the world, news including the economy, sports, entertainment, and shipping as well as commentaries offered by the paper every day so long as they enter the TA KUNG PAO web page. It is noteworthy to mention that TA KUNG PAO has put information about the Hong Kong shipping center and notices on incoming and outgoing ships on the net, allowing those engaged in shipping and the relevant trades access to the information.

In addition, the newspaper provides two editions, the GB and BIG5 codes, allowing readers to read in different Chinese versions.

TA KUNG PAO has experienced different eras since its founding in Tianjin in 1902 and the paper is now in circulation in 136 countries and regions. In order to improve the quality of its publication, the newspaper has constantly carried out technical innovation. It was the first paper in Hong Kong to use the full-page color picture scanning output system in April 1992. Following computerization of its editorial department earlier this year, TA KUNG PAO is also one of the first newspapers to apply the computer coverage and editing system.

TA KUNG PAO's internet address is: <http://www.takungpao.com> or <http://takungpao.com.hk>. Its e-mail address is: tkp@takungpao.com.

PRC: Work Starts on Pudong Global Information Center

OW1705143596 Beijing XINHUA in English
1415 GMT 17 May 96

[FBIS Transcribed Text] Shanghai, May 17 (XINHUA) — Work started today on an international information center in the Pudong Lujiazui Financial and Commercial Zone, in China's largest metropolis.

The center is part of the plan to turn Shanghai into a world information service center.

With 1.2 billion yuan in investment from Shanghai Information World Co. Ltd, a joint-venture founded by Shanghai's Post and Telecommunications Administration and a development company in the zone, the center's 45-storey building has a total floor-space of 93,000 sq. m., and is equipped with a modern communications system and information services.

A large information data bank connected to data banks in China and in other countries will be set up in the building, and an exhibition center will be open to the public to provide information about modern communication methods.

PRC: Beijing Launches New Strategy for Hi-Tech Zones

OW2205155396 Beijing ZHONGGUO XINWEN SHE
in English 1342 GMT 22 May 96

[FBIS Transcribed Text] 22 May (CNS) — In the next five years, development of hi-tech zones in China will gradually undergo a transition from mere reliance on preferential policies, fine infrastructural development and sound basic facilities at the early stage to reliance on an excellent business environment to attract foreign investors, the State Science and Technology Commission said.

At a symposium attended by some mayors on the future development of hi-tech zones today, it was disclosed that after many years of hard work, the zones had become well-developed.

Sales turnover and the industrial output value of the 52 state-level hi-tech zones were RMB 150 billion and RMB 130 billion with RMB 19.5 billion profits tax in 1995.

Today in hi-tech zones in Wuxi, Suzhou, CHangzhou (in Jiangsu Province) the Pearl River Delta, Shandong Province, Shaanxi Province, Hunan Province, Beijing and Tianjin, there are over 14,000 enterprises with 900,000 staff, specialising in the areas of information technology, research into a new kind of energy, materials and electrical and mechanical equipment.

In addition, the number of returned Chinese from studying abroad has increased rapidly over the past two years. The Chinese Government is in the meantime planning to open science parks in the zones to attract more overseas Chinese to come and to work.

Echoing the views of the mayors, an official of the State Science & Technology Commission declared that China would set up a risk investment mechanism and a

business environment appealing to the foreign investors so as to make the hi-tech zones more effective and competent ones step by step.

PRC: Mass Production of 'Genetic Engineering Drug' Begins

OW 1205170596 Beijing XINHUA in English
1354 GMT 22 May 96

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — China has started to put into mass production a genetic engineering drug which can effectively treat liver diseases.

Chen Zhangliang, the 35-year-old vice-president of Beijing University, declared at a seminar here today that recombinant a-1b interferon was approved for production by the Ministry of Public Health in April this year and has become China's first genetic engineering drug to be put into mass production in the biotechnology section of the country's "863 Hi-Tech Plan".

China listed biotechnology among its top eight fields for scientific and technological development in 1978. Biotechnology was listed among the top seven pioneering sciences in March 1986, when the "863" plan was introduced. So far, China has put onto the market five genetic engineering drugs, and another dozen such drugs are under research.

Interferon is a protein isolated from human cells and internationally acknowledged as efficacious for the treatment of liver diseases, experts said.

In the early 1980s China's first interferon research lab was established under the directorship of Hou Yunde, a member of the Chinese Academy of Preventive Medicine and a leading scientist in the "863" plan. He discovered for the first time that the white blood cells of Chinese people, when attacked by viruses, will produce "a 1" type instead of "a 2" type interferons. He subsequently succeeded in developing recombinant a-1b interferon — the first interferon expressed by a gene isolated from healthy Chinese leukocyte cells.

To put the interferon into mass production, the Shenzhen Kexing Bioproducts Co. Ltd, China's largest genetic engineering medicine production base, was set up in 1993 under the State Science and Technology Commission.

Military & Public Security

PRC: Commentator on 'PLA Secrecy Regulations'

HK2205083096 Beijing JIEFANGJUN BAO
in Chinese 27 Mar 96 p 1

[Commentator's article: "Strive To Make Success of Secrecy Work in New Period"]

[PTS Translated Text for FBIS] After Central Military Commission [CMC] Chairman Jiang Zemin signed an order, the new "Chinese People's Liberation Army [PLA] Secrecy Regulations" was officially promulgated for enforcement. The new "Secrecy Regulations" is an important measure taken by the CMC to further enhance PLA secrecy work. Therefore, PLA troops at all levels should conscientiously study and resolutely enforce the new "Secrecy Regulations."

PLA secrecy work is of vital importance to the country's national defense and army building and development. Mankind's military history shows that all belligerent parties have all along tried to acquire the secrets of one another and protect their own secrets. Since ancient times, there have been countless cases of belligerent parties being defeated after divulging secrets or winning victories after safeguarding secrets. Although the Cold War has ended, the present world is still far from peaceful. As foreign intelligence organs have never halted espionage activities against the PLA, making a success of PLA secrecy work under the new circumstances will provide a strong guarantee for implementing the CMC's strategies and principles in the new period, this being also a pressing task aimed at stepping up comprehensive army building. In view of this, all officers and soldiers should display a spirit of being highly responsible for the country's national security and army building; unswervingly strive to make a success of the PLA secrecy work; and safeguard military secrets at any time and under any circumstances.

Having inherited the fine traditions of PLA secrecy work and embodying the characteristics and objective needs of PLA secrecy work in the new period, the new "Secrecy Regulations" will serve as the basic foundation for PLA secrecy work in the new period. In order to make a success of PLA secrecy work, we should strictly abide by the "Secrecy Regulations." To this end, party committees and leaders at all levels should try to organize officers and soldiers to conscientiously study and grasp key contents, spirit, and essence of the "Secrecy Regulations" so as to clearly understand what military secrets are, how military secrets can be safeguarded, and other issues. We should establish and perfect secrecy rules, regulations, and systems; ensure that the "Secrecy Regulations" will be enforced to

the letter; strengthen supervision of and check-ups on enforcement of the "Secrecy Regulations"; resolutely tackle violations of the "Secrecy Regulations"; strictly deal with consequences of violations of the "Secrecy Regulations"; and safeguard the seriousness of the "Secrecy Regulations."

PRC: Beijing Forum on 'Rise Of Stars Of Marshals Series'

HK2205084396 Beijing JIEFANGJUN BAO
in Chinese 29 Mar 96 p 1

[By Wu Jixue (0702 4764 1331): "Forum On 'Rise of Stars Of Marshals Series' Held in Beijing"]

[PTS Translated Text for FBIS] Beijing, 28 March—The forum on "Rise of Stars of Marshals Series" was held in the Great Hall of the People this afternoon. Zhang Zhen, Central Military Commission [CMC] vice chairman, and Yu Yongbo, CMC member and General Political Department director, attended and delivered speeches at the forum. Relatives of the nine late marshals and Comrade Wang Ping attended the forum.

Zhang Zhen, CMC vice chairman, wrote the title "Rise of Stars of Marshals Series" for the book, which was compiled by well-known writer Wei Wei and published by the Guangdong Education Publishing House. Composed of nine volumes, namely, "Youth Named Zhu De," "Youth Named Peng Dehuai," "Youth Named Liu Bocheng," "Youth Named He Long," "Youth Named Chen Yi," "Youth Named Luo Ronghuan," "Youth Named Xu Xiangqian," "Youth Named Nie Rongzhen," and "Youth Named Ye Jianying," the book gives an account of both the personal experiences and revolutionary achievements of each and every one of the nine late marshals of the PRC, who loved, saved, and contributed to the motherland in their youth.

Zhang Zhen delivered at the forum an ebullient speech in which he first and foremost expressed thanks to the book's author and publisher for providing the broad masses of people, especially the young people, with a vivid teaching material on patriotism and revolutionary traditions. He pointed out: While learning from the late marshals, we should learn from their firm faith in communism so as to unswervingly take the road of building socialism with Chinese characteristics; and we should emulate their tenacious revolutionary fighting will and spirit of selfless dedication and hard work so as to quietly immerse ourselves in hard work, work in a down-to-earth manner, and strive to fulfill the country's grand blueprint straddling the century under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core.

Yu Yongbo also delivered at the forum a speech in which he stated: The nine late marshals, namely, Zhu De, Peng Dehuai, Liu Bocheng, He Long, Chen Yi, Luo Ronghuan, Xu Xiangqian, Nie Rongzhen, and Ye Jianying, were all great proletarian revolutionaries, strategists, founders of the Army and the country, as well as the party's and the Army's leaders of noble character, high prestige, and notable exploits. All of them made everlasting contributions to the Chinese nation's self-salvation, liberation, socialist revolution, and socialist construction. The revolutionary practice of the nine late marshals in their youth shows that patriotism is a great banner of the Chinese nation's solidarity and struggle and that determination to contribute to the motherland and facilitate the rise of the Chinese nation is not only the ideological basis and the point of departure for young people to embark on a correct road of life, but also a strong motive force for young people to actively make contributions to building a strong and prosperous country and promoting the country's social development. He stressed: In the great historical process of China's socialist modernization drive moving ahead towards the 21st century, we should especially learn from the late marshals' spirit so as to unremittingly strive to fulfill the country's grand blueprint straddling the century under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core.

The forum was also attended by leaders in charge of the People's Liberation Army [PLA]'s three general departments; leaders in charge of some large PLA units stationed in Beijing; leaders in charge of the CPC Central Committee Propaganda Department and State Press and Publications Administration; as well as leaders in charge of some other departments concerned.

PRC: Article on Need for PLA Combined Operations

HK2205034996 Beijing JIEFANGJUN BAO
in Chinese 26 Mar 96 p 6

[Article from "Military Forum" column by Yang Guochuan (2799 0948 0278): "Set Up Our Army's Combined Operation System"]

[PTS Translated Text for FBIS] Coordinated operations and independent operations from the past emphasize the overall strength of the participating forces from one particular service; combined operations, on that basis, emphasize the overall performance of all the participating armed services. This is not only required by the need to overpower the enemy with synergized strength, but also a natural trend of military operations under modern high-tech conditions. For this reason, when implementing combined operations, we should currently pay special attention to the following aspects:

Improving the Integrity of Command Organization

In a combined operation, there are various participating services; the composition of forces is complex; the operational space is broad; there is a large variety of actions; and there is a high demand on command and coordination. Only by establishing an authoritative, streamlined, and efficient combined operation command organization can we achieve centralized command of all participating forces and ensure the materialization of overall effectiveness. To this end, we should use the existing command organization in the theater of operation or in the direction of the theater as the basis for setting up a command organization for combined operations. This is not only conducive to preparations against war and training in combined operations during peacetime, but also aids the fast switch from a peacetime state to the wartime state. In the meantime, we can have the participating services and local party and government departments contribute personnel to the combined operation command organization so as to form a compact, capable, and representative organization for this purpose. The combined landing operation on Jiangshan Island [3068 1472 1497] in early 1955 provided us with valuable experience.

Improving means of command

Combined operations under high-technology conditions have more specific requirements on the means of command. The first requirement is the compatibility of the means of command. The means of command of different services must be compatible so that they can communicate with each other and share each other's information. While developing and updating the existing means of command of each service, it is necessary to concentrate on improving their compatibility. The second requirement is the comprehensiveness of the means of command. It is necessary to emphasize the integrated use of different means and varied avenues to keep the command channels unobstructed and stable. The third requirement is the timeliness of the means of command. All forms of relay of information need to be completed in the shortest time possible. Here, the emphasis is on reducing the time taken to transmit information from the decisionmaker to the implementer. The fourth requirement is the adaptability of the means of command. Because the opposing sides both attach great importance to jamming and sabotaging the other side's means of command, a situation made worse by the vulnerability of modern means of command, it must have very good self-protection and adaptability to improve the stability of command and control. Besides, it is also necessary to improve the methodology of command in light of the reality of combined operations; disentangle all relations

concerning command; and improve the organic integration and convergence of intelligence, communications, and operation departments within the armed services, especially between them.

Introducing guidance legislation

Guidance legislation for combined operations is the basic ground on which to prepare for and implement combined operations. At the moment, it is necessary to formulate and promulgate some basic guidance regulations for combined operations that suit the characteristics of our Army, such as: "Combined Operation Regulations," "Detailed Regulations on the Implementation of Combined Operations," and "Combined Operation Training Program."

The introduction of the guidance legislation for combined operations should be aimed at unifying the thinking and action of all the services and arms involved. It is not a simplistic combination of the combat theories of various services; nor can it contravene the nature and essential meaning of the thinking that governs each armed service. Instead, it should truly serve the purpose of macroscopic unifying and standardizing by absorbing the core messages of each service's combat theory and distilling them in a scientific way, so as to draw upon and transcend such theories.

The formulation of the guidance legislation for combined operations should take into consideration the reality of the combined operations of our Army and bring into play the advantages and strengths of our Army. In other words, while drawing on the positive experience of foreign armies in combined operations, we should proceed from the reality of our Army's practice in this area, so that it can more fully exploit our Army's advantages and strengths, such as fighting for a just cause, fighting on our own land [ben tu zuo zhan 2609 0960 0155 2069], people's war, "defeating a superior force with an inferior one," a high level of political unity and consistency, and catering to the characteristics of each armed service. This way, the guidance legislation for our Army's combined operations can strike root deep into the fine traditions of our Army and the objective reality.

When formulating the guidance legislation for combined operations, we should aim at fully mobilizing the enthusiasm, initiative, and creativity of all participating forces, so that not only can we give play to the strengths of each force, we can also make those of various forces complement each other; not only is there a unified overall objective and highly centralized command, but there are also well-defined terms of reference and the power to make decisions on the moment.

The formulation of the guidance legislation for combined operations should aim at solving any problems concerning specific countermoves, measures, and methodology in high-technology confrontations; and enhancing their practicality, advancedness, and operability, such as integrating three levels of communication into a network. The various operational, technical, and logistic support systems should be integrated and streamlined. An automated command system for combined operations with the capacity to resist the enemy's electronic reconnaissance and jamming should be established to ensure the smooth, stable, and uninterrupted liaison for command purposes. Considerations also include how to paralyze and destroy the enemy operational and command systems and minimize the enemy's overall operational capacity while enhancing our Army's own overall operational capacity.

Strengthening Combined Training

Training in combined operations is sophisticated. Its focus is the overall coordination and cooperation of different armed services, especially between them, in terms of objective, time, location, and action. The sequence of training in combined operations normally moves from technicality to tactics and from separate training to combined training. Efforts are made to cater to the prescribed operational tasks and theaters and conduct such operations under the topographic, climatic, and hydrologic conditions of, or close to those of, the prescribed battlefield. The training covers: the organizing and commanding ability of commanding organs; coordinated action of various services and their troops; both technical competence and tactic competence; and both operations and logistic support.

PRC: Article on Night-Vision Technologies

HK2205033596 Beijing JIEFANGJUN BAO in Chinese 19 Mar 96 p 6

[Article by Lu Ling (7120 0407), and Zhu Houming (4376 0624 2494): "Confrontation Employing Night Vision Technologies"]

[PTS Translated Text for FBIS] In local wars around the world since the 1970s, most attacks have been launched at night or at dawn. Thus, increasing the duration and intensity of night training and seizing the initiative in night combat have become important issues in wars.

Dialectically understanding the advanced nature of the night vision technologies of foreign armies. According to the "Research Report of the Center for the Study of U.S. Strategies and International Peace," during the Gulf War, American troops wounded friendly troops by mistake and missed their targets in night combat be-

cause their low-light-level night vision devices were affected by the desert environment and other factors and made errors in gathering intelligence and taking aim. Actually, any night vision device that excels in one technical aspect or several technical aspects invariably has to sacrifice some of its other functions. Thus, no night vision device can claim to be perfect. By understanding and grasping the characteristics of a hi-tech night vision system, we will be able to find ways of dealing with that night vision technology.

The role of ordinary night vision technologies and night vision low technologies cannot be underestimated. Military circles were shocked when the first generation of night vision devices was developed. However, the new technology lost its "glamor" when these devices were blinded by the intermittent firing of flares or other ordinary night vision technologies. Of course, this is not to say that high technologies cannot withstand even a single blow. In ideal climatic and geographical situations, night vision devices can produce extraordinary effects. During the Gulf War, pilots of American F-111 planes could, using infrared night vision devices, clearly spot Iraqi targets which were perfectly camouflaged or buried deep under the sand.

Night combat is in no way frightening. The important thing is to pay attention to studying and grasping night vision technologies that are suited to the characteristics of night combat. We must not only must we study night vision technologies themselves, but must also study in an all-round and systematic way technologies used in the course of the application and management of night vision technologies. Only in this way can we effectively engage in confrontation employing night vision technologies.

1. Confrontation employing vision obstruction technology. This refers to the blinding of low-light-level night vision devices using intense light. First-generation low-light-level night vision devices not only are large in size and heavy in weight, are liable to serious distortions, and have obvious persistence, but cannot resist intense light. The whole field of vision turns black when exposed to strong light. Second-generation low-light-level night vision devices, which feature a low illumination channel flap, are much more resistant to intense light. However, when exposed to intense light, image resolution and quality are still very poor. Thus, at the time of attack or other important junctures, units may make use of "intense light night vision technologies" such as flares and searchlights, as well as fire, infrared illumination or the emission of direct light on the enemy's photoelectric devices, to damage, blind or reduce the effectiveness of the enemy's night vision devices.

2. Confrontation employing vision confusion technology. This involves the use of electromagnetism or other modern technologies to confuse night vision devices, causing them to make mistakes in reconnaissance, tracking and taking aim, thereby reducing the effectiveness of night vision technologies. First, since smoke has the effect of scattering and absorbing light, ordinary or special smokescreens may be created in a targeted way to confuse or blind the low-light-level, infrared or thermal imaging night vision devices of the enemy, thereby weakening the effectiveness of its observations. Second, electronic warfare units and detachments may be employed to confuse the enemy's wireless communications and radar systems. At the same time, electronic or infrared decoys, corner reflectors, wire mesh, and other active or passive interference devices may be employed to fool the enemy or damage its night vision devices. Before the Gulf War, Iraq purchased photos of important targets within its territory taken by satellites of the former Soviet Union. Based on these photos, they fully camouflaged targets which were easy to discover to reduce the resolution rate of hi-tech night vision devices and thus the possibility of the destruction of these targets by the allied forces at night. At the same time, by diverting enemy fire to phoney targets which were "protected" by modern technologies, such as infrared light reflection units, they effectively preserved the real targets. Third, measures may be taken to reduce or eliminate the difference in temperature between targets and their background. Through a variety of measures, such as the use of standard or makeshift heat screens to shield targets, or the use of convection currents to cool, absorb or scatter heat, heat radiation from the targets is reduced or diffused, so that the targets are "submerged" into the background and rendered indistinguishable.

3. Confrontation employing vision extension technology. This refers the use of modern night vision technologies to extend our range or field of vision beyond enemy positions. It is generally believed that low-light-level night vision devices are ideal for night observations within a range of 1,000 meters. For example, the AN/PVS-4 low-light-level night vision devices issued to American motorized infantry units have an observation range of 1,000-1,200 meters. Night vision devices which make use of infrared thermal technology are ideal for night observations beyond 1,000 meters. The M36 thermal infrared night-day telescopes developed by the American company, De-er-ke [1795 1422 4430], have an effective range of 2,300 meters, while large thermal imaging night vision devices may have a maximum range of over 3,000 meters. Thus, in order to surpass the enemy in terms of the range of vision, we must work hard on night vision technologies from a high starting point. On the one hand, we must make haste

to develop a new generation of thermal imaging night vision devices. On the other hand, we must make use of the "synthesis" of modern night vision technologies and other photoelectric technologies to develop multi-function night vision devices with a higher resolution and a larger range and field of vision. In this way, we will be able to discover targets faster than the enemy, and translate "over-the-horizon" attacks into reality.

4. Confrontation employing vision intensification technology. This refers to the use of night vision high technologies to intensify the night vision. Night vision technologies employed by foreign armies comprise nothing more than infrared image conversion technology, low-light-level image intensification technology, infrared thermal imaging technology, and solid-state imaging technology. Each technology has its drawbacks. Take second-generation low-light-level night vision devices which make use of low-light-level image intensification technology, for example. Although it can resist intense light, the night vision quality is still poor under intense light. We can increase the resistance of low-light-level night vision devices against intense light by making use of electronic shutter technology to control the time and speed of the entry of light rays.

***PRC: Zhang Wannian Comments at Logistics Meeting**

96CM0263A Hong Kong HSIEN-TAI CHUN-SHIH [CONMILIT] in Chinese 11 Jan 96 No 228, pp 4-6

[Special article by Han Ching: "Significant Achievements Scored in the Army's Study of Operation Methods and Demonstration of Logistic Techniques To Ensure Military Supplies"]

[FBIS Translated Text] "To be qualified politically, highly proficient militarily, fine in style, strictly disciplined, and secure of adequate maintenance and supplies" are the general requirements for the army building put forward by Central Military Commission (CMC) Chairman Jiang Zemin as early as five years ago. The above remarks generalized the major fundamental issues in the army building. The entire Army, from top to bottom, has performed its work in light of these requirements and, through repeated practice and reform, has attained gratifying achievements.

With the approval of the CMC, a summation and demonstration meeting on the achievements gained in the study of operation methods was held in Lanzhou on 7 October 1995. Leading cadres in charge of military training from various major Army units, representatives of the pilot reform troops, and experts and academics in the field of military theory gathered together to visit the exhibition on achievements, view and emulate

the drill and exercise, and sum up and exchange experience in an extensive range. CMC Vice Chairman Zhang Wannian, Deputy Chief of the General Staff Wu Quanxu, Commander of the Lanzhou Military Region Liu Jingsong, Political Commissar Cao Pengsheng, and so on attended the meeting. There, Vice Chairman Zhang Wannian gave important instructions.

The current summation and demonstration meeting was aimed at displaying in a concentrated way the major achievements scored in the areas of the study of operation methods and the demonstration of logistic techniques of ensuring military supplies, which have been conducted by Army units and pertinent universities and colleges over the past three years. With loving care and under the leadership of the Central Committee and the CMC, officers and men of the Army, Navy, and Air Force have made unremitting efforts to meet the requirements of fighting battles under high-tech conditions, which has enabled the Army to make a giant leap in fields such as the concept of operations, the study of operation theory, the application of operation modes, and the comprehensive capabilities in logistic supplies. As a result, profound changes have taken place in the appearance of the Army.

On the renowned old battlefield below Helanshan Mountain, a certain motorized infantry division was conducting, in high morale and with tremendous momentum, a live ammunition exercise using the method of "three-dimensional attack on key points in depth and breadth" and the method of "logistic supplies flexibly accompanied by divided groups in concerted efforts." Vice Chairman Zhang Wannian and other leaders watched the exercise in high spirits. He expressed appreciation to the participating troops for their exploration of new tactical thinking, their high proficiency in military skills, and the effective coordination of various arms and services. He pointed out: The current exercise has reflected some new characteristics of operations in local wars under the condition of modern technology, especially high technology, and explored the methods of using existing equipment to defeat the powerful enemy. There are breakthroughs and innovations in the exercise.

Vice Chairman Zhang also enthusiastically visited the exhibition on the achievements scored by the Army in its study of operation methods.

He spoke highly of the Army's new methods of operations and wrote an inscription for the exhibition to this effect: "Make advances in the course of inheritance; make breakthroughs in the course of innovation."

Vice Chairman Zhang delivered an important speech while inspecting and giving guidance to the work of

"summation and demonstration by the entire Army on the achievements attained in the study of operation methods." He said: The year 1995 is the final year of carrying out the three-year program of reform and training, and 1996 will be the beginning of a new period in which reform achievements will be amplified and made universal. Mao Zedong Thought and Comrade Deng Xiaoping's thinking on army building in the new period are our guide to army building in the new period. Chairman Jiang repeatedly stressed the necessity of reforming military training in light of the requirements for winning victories in local wars under the condition of modern technology, especially high technology. Comrades of the entire Army should seriously study and thoroughly understand the above instructions. With regard to the international strategic situation and the major trend of world military development, leading cadres of the entire Army, those above army commander level in particular, must maintain a sober understanding and have a very strong sense of responsibility and sense of urgency. They must take military training as a central task and make positive exploration and repeated practice in the in-depth reform.

Vice Chairman Zhang stressed that the military strategic principle in the new period defined by the CMC is very correct, so its essence must be thoroughly understood. Remarkable achievements have been made in training and reform in accordance with the CMC's strategic principle, which are shown as follows: 1) In order to meet the requirements for the preparedness of military struggles in the new period, we have started an upsurge of reform with the goal of defeating the enemy in local wars under the condition of modern technology, especially high technology. 2) We have summed up a number of successful experiences with regard to the methods of operations under the condition of high technology, which was centered on the study of operation methods. 3) Focusing on the reform of training contents, we have initially formed a new generation of training programs and teaching plans. 4) We have taken firm control of the coordinated reform in the training area to improve our methods, supplies, and management of the training. It is more gratifying to mention that through this reform our minds have been emancipated in studying problems, our awareness of conducting operations under the condition of high technology has been enhanced, and our methods of fighting a battle with the existing equipment have increased in large number.

He pointed out: The establishment of the military strategic principle in the new period has brought about a series of changes in the area of military training. From now on, we should continue to put into practice the military strategic principle in the new period in

a conscientious manner, and take in-depth reform as a long-term task. Only by so doing can we carry on reform and training in a clear direction, in distinct thinking, and with good results. While adopting a correct attitude toward the achievements gained, we should also seriously find out the existing problems. Only when we have accurately seized hold of the problems can we have something to aim at in our training and reform.

He further pointed out that in the course of training and reform, particularly in studying the methods of operations, we shall meet with greater difficulties once they develop in depth. We should continue taking firm control of the study and application of high-tech knowledge and deepening the reform by closely combining it with the reality of life. Leading cadres and organs at all levels should further increase their intensity in giving guidance to the reform, persistently proceed from the needs of actual combat, and resolutely oppose formalism. We should continue organizing troops, organs, higher learning institutions, and scientific research units to jointly tackle key problems to form an entirety with pooled efforts in carrying on the in-depth reform, and apply the mature reform achievements to training and teaching in a timely manner. In this way, we can accelerate the comprehensive development of our army building so that it will transform into combat effectiveness as quickly as possible. We should perfect our training regulations, intensify training management, and work hard to enhance the regularization level of the training. We should stress coordinated reform, develop theory on operations, optimize the structure of establishment, and improve our arms equipment. Training and reform are not matters just related to training departments, but military, political, and logistic departments should also create conditions for in-depth reform and training with concerted efforts around the central task of military training.

Vice Chairman Zhang also emphatically pointed out: During the Fifth Plenary Session of the 14th CPC Central Committee, we sketched out the magnificent blueprint of the national economic and social development program during the Ninth Five-Year Plan period and for the year 2010, and proposed to "reinforce modernization in national defense and augment national defense capabilities." We must justify the great trust placed in us by the party and the people. In line with the general requirements put forth by Chairman Jiang, we should work energetically, forge ahead with keen determination, and perform the Army's function more effectively to comprehensively intensify the modernization of troops. At any time and under any circumstances, we must unswervingly seek unity with the Central Committee, resolutely obey the command of the Central Com-

mittee and the CMC with Comrade Jiang Zemin at the core, and provide a solid and powerful security guarantee for the socialist modernization of our country.

Deputy Chief of the General Staff Wu Quanxu enumerated the major achievements scored by the Army in the study of operation methods: 1) Centering on the study of crucial points in the military strategic principle in the new period, the Army has initially built up the framework of a new generation of operation method system that meets the requirements of military struggles in the new period, under which tactical units at various levels are linked together and combined troops are compatible with other arms and services. 2) In light of the characteristics of local wars under the condition of high technology, we have updated our operation thinking and concepts, and proposed that the following demands be set: fighting the adversary with the coalition of Army, Navy, and Air Force and defeating it by depending on the entire prowess of various arms and services; effecting the optimum organization of multiple combat factors; bringing into full play the role of the special troops; striving to gain the initiative in the electronics war, information war, and fire war, and so on. This series of new operation thinking has enriched and developed our Army's military theory and the ideology of the people's war. 3) We have acquired a profound understanding of the law governing modern operations. On major operation issues, we tried to analyze the adversary's strong points as well as weaknesses, discovered the scientific ways of defeating the adversary with existing weaponry, had the systematic coordination of achievements gained in the study of operation methods in mind, and studied the use of various arms and specialized troops as well as the logistic techniques of ensuring military supplies.

Logistics work has always held an extremely important position in ancient and modern wars at home and abroad. China's strategist Liu Bochong pointed out: "In a modern war, troops are large in number, and technical weapons are complicated. This calls for substantial consumption of weapons and materials. Therefore, the importance of logistics work is most evident." The CMC takes logistics work very seriously. On 6 October last year, Chairman Jiang Zemin cordially met with representatives attending the Army Logistics Science and Technology Conference, at which Vice Chairman Zhang Wannian made a speech. He stressed the need to fully understand the position and role of logistics work in future wars, to vigorously intensify the modernization of the Army's logistic troops, and to constantly augment the comprehensive capabilities of ensuring logistic supplies. Indeed, to engage in an operation under the condition of a modern war, we must make great efforts to enhance these capabilities so that as soon as an order

is issued, we can really manage to make a quick start, move expeditiously as directed, put up a heroic fight, and make contacts effectively. The exercise of logistic technical maintenance and supplies conducted at the foot of Helanshan Mountain last year was a very good test of the above capabilities.

The exercise was a complete success under the specific leadership of the senior officers from the Lanzhou Military Region and with the concerted efforts of the participating troops. Vice Chairman Zhang joyfully invited the leading cadres in charge of the exercise to come to his side and praised them for the excellent performance. He said: How we should do well in assuring logistic technical maintenance and supplies under the condition of a modern high-tech war is an issue on which we have focused our consideration over the past few years. You have broken a new path in this exercise and set a good example for the entire Army. The Army units participating in the current exercise are a contingent of outstanding troops. Shortly before, they had participated in an exercise in a campaign conducted by a certain group Army, in which they dashed about in the battlefield and, with remote, rapid, flexible, and three-dimensional actions, gained an advantageous position for troop disposition in order to take the initiative. Afterward, they organized a counterattack. With their logistic groups in charge of military supplies disposed in front, they were very close to the forward positions. By so deploying, the divisional groups of logistic supplies and the regimental logistic units were disposed together, which changed the traditional practice in the past that divisional logistic units were disposed 10 km away from the regimental units in an offensive. The main task of regimental groups in charge of military supplies was to accompany the attacking detachments to ensure that they are adequately supplied. Therefore, they were expected to follow the attacking troops wherever they went and supply them whatever they needed in a timely manner.

They worked hard on the use of "wheels" and set up wheeled depots, wheeled first-aid stations, and wheeled oil depots, so that the logistic units could expeditiously follow the main forces, provide them with material supplies, give treatment to the wounded, and withdraw from the battlefield instantly as ordered. By using the wheeled depots, they loaded the materials in several containers which were needed by a battalion for its offensive and carried them rapidly to the forward positions. The wheeled first-aid stations could swiftly carry the wounded to a safe place and give treatment to them as quickly as possible. The wheeled oil depots could avoid the weakness of fixed-point oil depots which were vulnerable to air raids and artillery attacks, and the speed of

refuelling was also expedited. This way, the entire logistic system became intangible and indestructible mobile groups in charge of military supplies, thereby considerably enhancing the ability of ensuring logistic maintenance and supplies in motion. When summarizing the above practices, Deputy Chief of Staff Chen from a certain logistics department said: "In the current exercise, we discard the traditional norm and have the logistic groups deployed in front close to the combat detachments, which has reflected the method of providing supplies in motion." With such valuable experience, it was natural that they splendidly fulfilled the tasks in the subsequent exercise. The exercise has proven their keen insight and the correctness and practicality of their logistic techniques to ensure maintenance and supplies.

PRC: Jilin Secretary Inspects Struggle Against 'Serious' Crimes

*SK2205045196 Changchun JILIN RIBAO in Chinese
2 May 96 p 1*

[By reporters Guo Yuxue (6753 3768 1331) and Wei Maoyi (7614 5399 5030)]

[FBIS Translated Text] On the afternoon of 2 May, Zhang Dejiang, secretary of the provincial party committee, went to Changchun city to inspect the progress of the work of striking stern blows to serious criminals, to give guidance for the work, and to visit the broad masses of public security cadres and policemen working on the forefront of the struggle "against serious crimes." He emphatically pointed out: Launching the struggle "against serious crimes" is an important plan of the party Central Committee and the provincial party committee. We must have a clear recognition and resolute attitude, pinpoint the priorities, give impetus to work, and try our best to achieve an all-round success.

After listening to the Changchun city party committee's briefing on the basic situation since the unfolding of the struggle "against serious crimes," and on the arrangement for the next-step work, Zhang Dejiang fully affirmed a number of work done by Changchun city and the initial achievement it gained, and expressed hope that it will make persistent efforts to launch this struggle to the end, and guarantee security in the provincial capital. He also visited the criminal police of the Kuancheng District public security subbureau, Chongqing road police station in Chaoyang District, and the Chaoyang District Public Security Subbureau, held talks with public security cadres and policemen working on the forefront, asked them about their work and living conditions, and extended cordial regards to them and through them to the broad masses of public security cadres and policemen across the province.

In order to make this struggle "against serious crimes" powerful and impressive and to win a complete victory, Zhang Dejiang stressed: Party committees, governments, and public security organs at all levels should realistically pay attention to the following aspects of work.

It is necessary to fully understand the importance and urgency of launching the struggle "against serious crimes" from a political perspective. During recent years, our province achieved great success in the comprehensive improvement of public security and succeeded in maintaining a basically stable social order. However, we must not be optimistic with the current public security situation because major and malignant criminal activities which seriously undermine social stability have remained fairly rampant. Party committees and governments at all levels should soberly understand this, resolutely implement the plans of the central authorities and the provincial party committee for launching the struggle "against serious crimes," and guarantee social stability in the whole province. Launching the struggle "against serious crimes" and safeguarding social stability is one of the important aspects of stressing politics. We must concentrate efforts and take unified action to successfully launch the struggle "against serious crimes" from the perspective of stressing politics. Principal party and government leaders at all levels must assume command, give directions and work out plans personally; give impetus to attacks, strike relentless blows to all kinds of criminal behaviors that undermine public security, attend to all cases that need to be handled, mete out sentences on those who deserve them, and deal heavy and quick blows to them in line with law.

We should pinpoint the priorities. While launching the struggle "against serious crimes," we should pay attention to the priority. Only by grasping the priorities can we make the struggle powerful and impressive and win a victory. During the struggle, all localities should particularly attack those who are guilty of murder, committing crimes involving firearms, ganging up together to commit crimes, and organized criminal offenses with the nature of underground world. Centering on these four priorities, we should crack down on a batch of major and appalling cases, promote the deepening of the struggle "against serious crimes," and resolutely puncture the swollen arrogance of criminals.

We should integrate attack with prevention and strengthen the comprehensive management of public security. Launching the struggle against "serious crimes" is a struggle set for a designated period and the comprehensive management of public security is a long-term task. We should pay simultaneous attention to attack and prevention, and implement all measures

for the comprehensive management of public security in places where needed. It is necessary to give play to our province's political advantages, mobilize the enthusiasm of all sectors to participate in the campaign to comprehensively improve public security, fully rely on the general public, strengthen grass-roots basic construction, and establish and improve effective systems and methods.

All departments should actively maintain cooperation and coordinate their actions. Launching the struggle "against serious crimes" is one of the important current tasks, therefore, all relevant departments, especially the public security, procuratorial and judicial organs, should maintain close cooperation, perform their own duties, and fight in a coordinated manner. Procuratorial and judicial organs should participate in this struggle at an earlier date, and should raise the efficiency of handling cases. Influential major and appalling cases should be heavily and quickly dealt with in line with the law.

We should strengthen the building of contingents in the course of struggle. The public security contingent is a trustworthy contingent with fighting strength and has made important contributions to safeguarding the province's social stability. Meanwhile, we should also recognize that in face of the new situation and new tasks, we still have some inappropriate ideologies, work styles and methods. We should experience test and training in the struggle "against serious crimes," further raise the ideological and professional levels, enforce and maintain strict discipline, enforce law strictly, deal blows to criminals, protect the people, and cultivate a good image of the people's police.

Zhang Dejiang also called on party committees and governments at all levels to realistically care for the building of public security departments and actively provide an essential material guarantee for launching the struggle "against serious crimes." The press, radio, television and news propaganda units should give impetus to propaganda and create a good media environment for launching this struggle.

Mi Fengjun, member of the standing committee of the provincial party committee and secretary of Changchun city party committee, Yin Chengjie, member of the standing committee of the provincial party committee and secretary general of the provincial party committee, and Zhao Yongjie, member of the standing committee of the provincial party committee, secretary of the political and legal commission of the provincial party committee, and director of the provincial public security department, and other leading comrades also joined in the inspection.

PRC: Central Organs Share Experience in Handling Cases

OW2205141796 Beijing XINHUA Domestic Service in Chinese 0955 GMT 16 May 96

[FBIS Translated Text] Beijing, 16 May (XINHUA) — The Central Discipline Inspection Commission and the Ministry of Supervision held a meeting in Beijing today at which central party and state organs exchanged their experiences in investigating and handling cases. Cao Qingze, Central Discipline Inspection Commission deputy secretary and supervision minister, urged departments under central party and state organs to intensify their efforts at investigating and handling cases, strive for the solution by year's end of a number of major and important cases with adverse effects, and deepen the anticorruption drive.

In recent years, the discipline inspection groups and supervision bureaus of departments under central party and state organs fully performed their functions and concentrated on investigating and prosecuting large numbers of cases involving breaches of the law and discipline that had adverse effects. According to statistics compiled by 10 departments, including transportation, post and telecommunications, public security, and railways, 164,000 reports on wrongdoing, conveyed through letters and visits by the public, were received in 1995. Of these reports, 25,800 were filed for further action, and 22,600 were brought to a conclusion. A total of 22,000 people were punished, and these involved 746 cadres at the section level and 40 cadres at or above the department or bureau level. In recent months, efforts were concentrated on investigating and prosecuting some cases involving ministerial-level cadres.

Cao Qingze pointed out: Central party and state organs play a pivotal role in party and state undertakings. Their performance in improving party and government conduct and in carrying out the anticorruption drive plays a strong role in setting an example for and guiding localities and grass-roots units. For this reason, we should set stricter demands and higher standards for anticorruption work in central party and state organs.

Cao Qingze stressed: The leaders of discipline inspection groups and supervision bureaus of departments under central party and state organs — principal leaders in particular — should concentrate on discipline inspection and supervision work, and give priority to investigating and handling cases, especially major and important ones. They should make good use of letters and visits by the public as the main source of reports on wrongdoing; further pursue information contained in such reports; and take the initiative in uncovering and exposing problems through law enforcement supervision and

special inspections. They should concentrate on dealing with key targets, areas, and cases. All discipline inspection groups and supervision bureaus must handle their own cases. Each year, they must investigate and handle at least one or two major and important cases that have had an effect on their departments. All departments should take the lead in earnestly implementing the five-point rule that the Sixth Plenary Session of the Central Discipline Inspection Commission reiterated and instituted with a view to strengthening inner-party supervision; resolutely overcome departmental protectionism; and deal sternly with units and individuals that do not report cases or that stall on handling cases. Besides properly handling their own cases, departments should step up their efforts at supervising and inspecting progress in investigating and handling cases throughout the sectors to which they belong, and strengthen guidance over relevant work.

Chen Zuolin, Central Discipline Inspection Commission deputy secretary, chaired the meeting. The discipline inspection groups (discipline inspection commissions) and supervision bureaus of the Communications Ministry, the Post and Telecommunications Ministry, the State Education Commission, financial departments, and the Public Security Ministry, as well as the Jiangsu Provincial Discipline Inspection Commission and Supervision Department related their experiences in handling cases. More than 250 people attended the meeting. They included He Yong and Li Zhilun, Central Discipline Inspection Commission Standing Committee members and vice supervision ministers; Feng Tiyun and Zuo Lianbi, vice supervision ministers; and comrades in charge of the discipline inspection and supervision bodies of departments under central party and state organs.

PRC: Random Setting Up of Checkpoints for Toll Collection Noted

SK2305015096 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 21 May 96

[FBIS Translated Text] On 18 May, reporter (Han Jinghong) of SHANDONG JIATONG BAO [Shandong communications paper] discovered the serious situation in which checkpoints have been set up at random; and tolls and fines have been collected at random in the section of No. 104 State Highway, which is between 714 km point and 735 km point, inside the territory of Weishan County.

In less than 21 km-long state highway line, four checkpoints for collecting road tolls and fines were seen. The (Hanzhuangza) toll collection station, which had long been abolished by the provincial government, has still set up checkpoints to collect road tolls.

At 1540 in the afternoon of 18 May, the reporter arrived at the 726 point of No.104 State Highway and saw three persons wearing the public security police uniforms continually writing tickets and collecting fines. Driver of the (Linzi Bei Yuan) supply and marketing cooperative, who was fined, told the reporter that the practice of holding back cars and collecting fines was frequently seen during the past few days. He also said that just one hour ago, he paid a fine of 20 yuan at the western side of the (Shuangcong) road section and had to pay another fine of 40 yuan when he came to this road section, adding that he was not able to make head or tail of this practice. According to the driver, the public security policemen stubbornly asserted that his car was overloaded. Daring not argue with them, he said, he consoled himself with the thought that he had bad luck. While saying this, he showed the two tickets to the reporter. The reporter observed the situation for 20 minutes at this checkpoint and estimated that 24 cars were fined, and the fines totalled more than 200 yuan.

At 1610 in the afternoon, the reporter arrived at (Hanzhuangza) bridge at the 735 km point of No. 104

State Highway and saw that at the road toll collecting section on the northern side of the bridge, 13 persons wearing the transportation management department uniforms were busily collecting road tolls at three toll collecting stands. The reporter discovered that No.367 document issued in 1992 and No. 212 document issued in 1994 on the relevant charge items and the charge standards, which had been abolished by the provincial government, were still hung at the first toll collecting stand of this station. Local residents said that operation of this toll collection station had been suspended last year and that they did not know why this station started collecting road tolls again after the Spring Festival. They also said that the toll collectors were not traffic or transportation management personnel but they wear the uniforms without authorization. A driver from other province told the reporter that all highways in Shandong are good but this 30 km- long highway section is the most difficult part to pass.

General

PRC: Li Peng Calls For More Energy Development in Rural Areas

OW2205154296 Beijing XINHUA in English
1531 GMT 22 May 96

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — Chinese Premier Li Peng today called for better development of small hydro-electric power stations and other forms of energy projects in rural China while meeting with local officials in charge of energy production.

Over the past decade, the total installed capacity of small hydro-electric power stations in rural China increased ten million kw, benefiting some 100 million rural people.

It is rather obvious that such stations have helped people in impoverished areas to get rid of poverty, the premier said.

In the coming five years, another 300 rural counties will take pioneering measures to promote the construction of such stations with government and bank supports, he said, adding that favorable electricity prices will also be worked out for this purpose.

In a country with 900 million rural people out of a total population of 1.2 billion, energy production in rural areas is important because it is related to every rural household and every rural farmer, as well as rural economic and ideological development, he said.

PRC: Rural Comprehensive Energy Project Continues

OW2205170696 Beijing XINHUA in English
1351 GMT 22 May 96

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — China is still searching for resource-saving and environmentally friendly ways to produce and consume energy, a top official said here Wednesday.

Wu Yixia, deputy minister of agriculture, told a meeting here today that 172 counties have been put on the list of those carrying out the country's rural comprehensive energy projects, bringing the list to 328 or 14 percent of the total number of counties in the country.

During the 1991-1995 period 138 counties were chosen to carry out experiments in constructing energy facilities on the basis of previous experiments in 18 counties.

Eight central governmental units, including the State Planning Commission and the Ministry of Agriculture, have joined hands to begin 6,000 projects involving power plant construction, bio-gas installations and so on in the chosen counties since 1991.

After five years of efforts the regions have reached an additional annual production capability of 10 million tons of standard coal, accounting for ten percent of the total energy consumption, and that of energy-saving capability has reached 11 million tons.

The consumption of firewood decreased to 26 percent last year from 39 percent of the total fuel consumption in 1990. Meanwhile, the percentage of forest cover has risen to 34 percent from 26.7 percent in the chosen counties.

The project has also had a positive impact on the environment, as the use of bio-gas has successfully kept soil moist and also improved its fertility.

However, Wu complained, there are still some problems plaguing the project, citing the fact that some local government officials pay little attention to it, and that some counties have poor technological and managerial levels.

PRC: State To Increase Electricity Supply by Year 2000

OW2205154596 Beijing XINHUA in English
0644 GMT 22 May 96

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — A program to improve the electric supply for China's 300 counties in 20 provinces is being launched, to help free about 115 million farmers from difficulties caused by shortages of electricity.

The program, supported by the State Planning Commission, will be completed by the year 2000, with thousands of small and medium-sized hydropower plants to be built, which have a combined installed capacity of 3.6 million kw.

Zhu Dengquan, vice-minister of water resources, announced the move at a conference held here Tuesday [21 May], purposed to raise the annual per-capita electricity consumption of the 300 counties.

Zhu said that he is confident that the effort will contribute to the central government's plan to eliminate poverty in China's rural areas and remote mountain regions where minority nationalities live in compact communities.

Efforts are also being made to lift their standard of living to approximate the rest of the country's population, Vice-Premier Jiang Chunyun said.

Jiang also urged central-government ministries and the State's leading banks to intensify their support for the programme.

Meanwhile, Jiang added, local authorities should direct more funds into the program and make best use of the funds.

PRC: Vice Minister on High-Technology Development Targets

HK2205070496 Beijing CHINA DAILY in English
22 May 96 p 2

[By Cui Ning: "Technology Conference Reports on Future Goals"]

[PTS Transcribed Text for FBIS] Xian — The development of high technology should be expanded to all areas of the country instead of being limited to development zones, said Zhu Lilan, vice-minister of the State Science and Technology Commission (SSTC).

Zhu spoke at a working conference of national high-technology development zones, which opened yesterday in Xian, capital of Shaanxi Province.

China first set up 52 high-tech development zones in 1991. The zones have been important to the national economy over the past few years, said Zhu.

Statistics reported that the 52 zones' total industrial output last year reached more than 140 billion yuan (\$16.9 billion); tax revenue amounted to 17.6 billion yuan (\$2.1 billion).

Zhu said that the SSTC has mapped out the targets for the next few years.

By 2000, the average worker in a high-tech enterprise is expected to produce 200,000 yuan (\$24,000) in goods.

Industrial output of the high-tech development zones will reach 400 billion yuan (\$48.2 billion); tax revenue will reach 100 billion yuan (\$12 billion).

To reach the targets, the SSTC will take the following steps:

- Set up 26 high-tech development zones with total income exceeding 10 billion yuan (\$1.2 billion) each by the turn of the century.

- Cultivate 30,000 high-tech enterprises and develop 50,000 high-tech products.

- Train 500,000 people with business and management skills.

- Establish seven high-tech development belts in areas including the Pearl River Delta, Shandong Peninsula, Liaodong Peninsula, Suzhou-Wuxi-Changzhou in Jiangsu Province, Beijing-Tianjin-Tanggu highway, the southeast part of Fujian Province and the middle area of Shaanxi Province.

PRC: Stage 3 of 'World's Largest' Afforestation Project Launched

OW2205031996 Beijing XINHUA in English
0256 GMT 22 May 96

[FBIS Transcribed Text] Lanzhou, May 22 (XINHUA) — Stage three of the world's largest afforestation program, the "Three North" Forest Shelter Belt Project, has been launched in northwest China's Gansu Province.

Gansu plans to invest 1.04 billion yuan (125 million US dollars) in its part of the third-stage project spanning 1996-2000. It will mean the greening of 610,000 hectares of forest belt.

The eight-stage "Three North" Forest Shelter Belt Project which started in 1978 covers 13 provinces and autonomous regions in northwest China, north China and northeast China.

It is expected to be completed by the middle of the 21st century. The project aims to delay the speed of the country's desertification in the north and reduce losses of water and soil erosion and improve ecological environment in those regions.

Provincial officials in Gansu said that attention will be paid to construction of fruit trees and timber forests so that local people will benefit more economically as well as ecologically.

Thirty-two counties will set up centers for timber forest and fruit tree belts, and increase the province's timber and fruit forests from 330,000 ha to 460,000 ha by the year 2000.

With 84 percent of its land covered by the project, the province has afforested 1.31 million ha of land during the first and second stages of the project, involving a total investment of 1.05 billion yuan.

PRC: Official: New Statistics Law Weapon Against Corruption

OW2205141396 Beijing XINHUA in English
1341 GMT 22 May 96

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — The revised statistics law is a new and sharp weapon against corruption in statistics work possibly perpetrated by leaders of local governments and companies, said the head of China's State Statistics Bureau here today.

Zhang Sai, director-general of the bureau, said that the new version of the statistics law lays down specific measures for the punishment of local officials of either governments or companies who over-report or under-report figures for their personal benefit.

The new law has also added clauses to ensure the normal work of statistics agencies and workers.

To win the trust and support of respondents in statistics work, the law lays down specific measures to protect respondents' commercial secrets. Meanwhile, it also rules out revelation of China's state secrets and fraud in the name of making statistical surveys.

While false reporting of statistics by some local governments and companies has often taken place, figures at national level are generally accurate and reliable, and basically reflect the trend of development of the Chinese national economy, he said.

He explained that the State Statistics Bureau and its provincial-level bureaus use a series of measures, which include sample surveys and specially-targeted surveys as well as scientific calculations, to detect dishonest reporting.

In conclusion, he said, the accuracy and timeliness of statistics are ensured by scientific and legal methods.

PRC: Minister on Building Digital Enterprise, Hospital Networks

*OW2205160796 Beijing XINHUA in English
1031 GMT 22 May 96*

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — China is ready to build a digital data network linking its 500 major enterprises and 500 hospitals.

This, along with the construction of the golden card project, which aims to improve information transmission between banks, will offer promising opportunities for overseas firms to join in China's telecommunications construction.

Wu Jichuan, minister of Posts and Telecommunications, outlined the plans when meeting Britain's Deputy Prime Minister Michael Heseltine and a 15-member UK telecommunications business entourage.

Wu told the guests from the United Kingdom that China added 15 million telephone subscribers in 1995, pushing the total number of telephone subscribers to 44.32 million, 3.63 million of whom are mobile phone subscribers. China's telephone penetration rate has now reached 4.66 percent while the urban figure amounts to 17 percent, he said.

He said the total number of telephone switchboards had come up to 85.13 million lines by the end of last year, 98 percent of them program-controlled. All municipalities and provincial, regional capital cities, and even some counties in coastal areas, have access to teleconference communication.

All the provincial capitals except Lhasa can now transmit information via optical fiber and 86 percent of such transmissions are digitalized.

In the next five years, he said, telecommunications as an important sector of the national economy, will witness rapid growth in China.

The telephone penetration rate is expected to reach ten percent nationwide, and above 30 percent in urban areas by the year 2000.

Wu told the visiting British guests that China plans to lay at least 100,000 kilometers of optical fiber cables in the coming five years and the number of telephone switchboards is expected to double the 1995 figure by the year 2000, reaching 170 million lines.

All management and software systems will be upgraded. This all calls for accelerated cooperation between China and the rest of the world, he said.

Wu said his ministry has already had an extensive cooperation with British telecom companies such as Cable and Wireless Company and British Telecom.

He said China has had cooperative relations with the Cable and Wireless Company of Britain for over 100 years, and started a cooperation maritime cable shipping joint venture; GPT of Britain has started a joint venture in Shanghai's Pudong Area and British Telecom has long standing cooperative relations with China, he said.

Wu said China has large telecommunications market, but the country cannot rely solely on imported products. The future for the British companies will be more promising if they can lead in technology transfer and start joint ventures with Chinese enterprises, he said.

After the dozen businesspersons representing a dozen British telecommunications enterprises gave brief accounts to their companies and cooperation projects with China, the British Deputy Prime Minister said the British companies will forge closer ties with China's Ministry of Posts and Telecommunications and work more actively to explore the Chinese market.

Finance & Banking

PRC: Column Views 'Moderately Tight' Monetary Policy

*HK2305035096 Beijing RENMIN RIBAO in Chinese
9 May 96 p 10*

[Article from "Economic Stands" column by Pei Zhuanzhi (5952 0278 2535): "How To Understand 'Moderately Tight' Monetary Policy"]

[PTS Translated Text for FBIS] A "moderately tight" monetary policy has two implications. One is the

need to implement the "moderately tight" monetary policy during the Ninth Five-Year Plan, as stated in the "Outline of the PRC Ninth Five-Year Plan for National Economic and Social Development and the Long-Term Target for the Year 2010"; this is defined as a medium- and long-term principle for money supply. Another is that the "moderately tight" monetary policy implemented in 1995 was a slightly "tight" monetary policy for the short term.

As the medium- and long-term principle for money supply, "moderately tight" has actually carried forward and developed the spirit of "control over total quantity" since 1988. It differs from the past "control over total quantity" in that: First, the monetary policy aims to "stabilize the value of the renminbi." Second, the target of control over total quantity is money supply; that is, during the Ninth Five-Year Plan, "the narrow money supply will rise by about 18 percent yearly, with an annual increase in the broad money supply averaging around 23 percent." Third, the mode of financial regulation and control will primarily be an indirect one. Thus, implementing the "moderately tight" monetary policy during the Ninth Five-Year Plan does not mean that the money supply will be "tightened" continually for the next five years. The central bank will "relax" and "tighten" monetary policy in line with the needs of an anti-economic cycle [fan jing ji zhou qi 0646 4842 3444 0719 2601].

As a short-term monetary policy, "moderately tight" will more or less follow the central bank's policies and actions to tighten control over credit supply, such as raising interest rates and tightening control over the central bank's money supply (basic currency) to commercial banks, with the aim of producing the double effects of substantially reducing inflation and maintaining a certain level of economic growth, or the so-called "soft landing" of economic operation.

The "moderately tight" monetary policy implemented in 1995, along with the country's other macroeconomic control measures, achieved marked results in curbing inflation and promoting a steady decline in economic growth. However, this was followed by the rising calls from enterprises suffering financial "stringency" for easier "credit." What does enterprise financial "stringency" have to do with monetary policy?

Making enterprises generally have a feeling of financial "stringency" is an expected effect of the "tight" monetary policy. Without this effect, the policy will have failed. The "tight" monetary policy is aimed at easing the pressure from total demand, which is generally achieved in two ways: One, the central bank raises interest rates on loans to financial institutions and corre-

spondingly increases financial institutions' lending rates to society, thereby changing enterprises' desire to borrow. Two, the central bank starts with control over the basic currency and restricts financial institutions' ability to increase loans to society, thus limiting the possibility of enterprises obtaining actual loans. Hence, after learning that total quantity is under control, enterprises will have a feeling of financial "stringency" and will readjust their input-output scale in accordance with a "tight" budget and their market forecasts. Both micro- and macro- control over demand is a normal effect of the "tight" policy.

Because the "moderately tight" monetary policy was a slightly "tight" monetary policy, because changes in international payments in 1995 and in the domestic market exceeded expectations at the beginning of the year, and because of a rigid expansion [gang xing kuo zhang 0474 1840 2368 1728] of credit, judging from aggregate indicators and the economy's performance, in 1995 enterprises were relatively well-off in terms of aggregate funds.

Overall, enterprises' financial relaxation was reflected in economic growth: In 1995, real gross domestic product grew by 10.2 percent, exceeding forecasts of 8-9 percent at the beginning of the year. It was also reflected in enterprises' deposits, which rose from 349.9 billion yuan in 1994 to 388.5 billion yuan in 1995, an increase of 30.5 percent; this was the fourth year of a high growth rate since 1985.

The contradiction between enterprises' complaints of financial "stringency" and the relatively "relaxed" money supply and market environment demonstrates that the problem lies in structure rather than in the monetary policy as an aggregate policy.

Financial difficulties besetting certain enterprises in China have been a longstanding phenomenon since reform and opening up, and this problem became even more obvious in 1995. On the surface, the problem seemed to be caused by the "tight" monetary policy. In fact, the disparities of technology and management between these enterprises and the domestic and international levels have been further exposed in the course of speeding up reform and opening up both in depth and in breadth. In light of experience and lessons since the late 1980's, no doubt a significant easing of "credit" can alleviate the money shortage temporarily, but it cannot eradicate the deep-rooted cause of "tight" money and will correspondingly stockpile unsalable products that were "bought" with bank loans, thus resulting in a large amount of bad loans. For this reason, at present, if the contradiction between enterprise financial "stringency" is eased by overlooking benefits and by increasing loans

in the market, then it will actually safeguard backwardness while adding factors of monetary and economic instability by increasing financial risks and inflationary pressure. This will also in fact sacrifice the general interest to partial interests and long-term interests to immediate ones.

PRC: Li Lanqing: State-Owned Businesses To List Abroad

*OW2105142296 Beijing XINHUA in English
0741 GMT 21 May 96*

[FBIS Transcribed Text] Beijing, May 21 (XINHUA) — China will continue to make use of domestic and foreign resources and markets by encouraging its state-owned businesses to be listed on foreign stock markets.

The remarks were made today by Chinese Vice-Premier Li Lanqing at the seminar to discuss the possibility of Chinese businesses being listed on the London Stock Exchange.

Britain's Deputy Prime Minister Michael Heseltine also attended the Beijing seminar, which was sponsored by the London Stock Exchange and China International Trust and Investment Company (CITIC).

Introducing funds from the international stock markets into China is an important way for Chinese businesses to use foreign capital, Li said. He added that the practice will not only extend the channels of absorbing foreign capital, but also play a positive role in upgrading Chinese business management systems, and spurring the process of internationalization.

He continued that China's state-owned enterprises had gained valuable experiences from their experiments of being listed on foreign exchanges.

So far 24 state-owned enterprises in China have been listed on foreign stock exchanges.

Heseltine spoke highly of the economic achievement China had made in recent years, adding that China needs a modern financial service sector to support its economic development, and the City of London, as a major international center of finance and commerce, would like to help China in this regard.

He expressed his hope that the London Stock Exchange and its Shanghai counterpart would cement their cooperation, and a memorandum of understanding on financial cooperation between the two countries would be signed as early as possible, thus enabling Chinese companies to be listed on the London Stock Exchange.

Foreign Trade & Investment

PRC: Editorial Views Need for Regular Trade Discussions

*HK2305063996 Hong Kong EASTERN EXPRESS
in English 23 May 96 p 20*

[Editorial: "Talks Must End The MFN Drama"]

[PTS Transcribed Text for FBIS] The trade row rumbles on between the United States and China, as it does around this time of year, but in the background encouraging signs are appearing that perhaps the current MFN threat will be the last.

The US Secretary of State, Warren Christopher, spoke days ago about the benefits of regular trade talks between the two countries. Now Vice-Premier Qian Qichen has responded by saying he would like meetings with Christopher in July.

Whether matters can be arranged as swiftly as that, or whether the US will wish to let Beijing set a timetable for talks, remains to be seen. What is beyond dispute, as the Government and the business community in Hong Kong know to their cost, is the damage this annual exercise in contra-diplomacy inflicts on the area.

The spectre of another tedious trade dispute in the early summer inhibits industrial investment in China, and saps Hong Kong's commercial energy. The present row, over intellectual property rights, means all parties will remain on a knife-edge until after June 4 when Congress votes. There is a body of opinion that trade sanctions should be imposed, but too much is at stake for Washington as well as Beijing to let things go that far. Nevertheless, the uncertainty remains, and the most obvious way of allaying it is by a regular series of trade meetings throughout the year so each side can put its case and gain a little insight into the difficult ties faced by the other.

It is widely acknowledged in the US that no progress was made in human rights merely by linking them to MFN status. The reverse seemed to be the case. China reacts to external pressure with belligerence, because it has not yet come of age and has neither the skill in international statesmanship, nor the self-assurance to admit its mistakes or amend its behaviour to the standards enjoyed by developed and sophisticated nations.

Closer business contacts may be the only way to exert any influence, and as the two powers are becoming increasingly economically interdependent, the sooner these are established, the better it will be for all. If a trade war cannot be averted 200,000 jobs in the US will be affected.

China sells a third of its exports to the US and two-thirds of that total are handled through Hong Kong. One vital factor in helping China to see the benefits of a democratic system is by maintaining the prosperity and stability of Hong Kong, another point that has been emphasized in Washington. Equally crucial is the stability of Taiwan, another large investor in the mainland, and a shining example of all the US holds dear in terms of growing democratic freedoms.

A Sino-US trade war is therefore not merely a dual economic tragedy in the making, but threatens political damage in the very areas that Washington is anxious to protect and support. It is high time some kind of agreement was reached to avoid this annual drama, and since the leadership in both countries have expressed a willingness to talk the matter through, we look forward to hearing of plans for trade officials to set a date to sit round the table and talk.

Perhaps the perfect venue for such discussions would be Hong Kong.

PRC: American Firm Invests in Power Plant in Jiangsu

OW2205155496 Beijing ZHONGGUO XINWEN SHE in English 1342 GMT 22 May 96

[FBIS Transcribed Text] May 22 (CNS) — A feasibility report for the Changshu No 2 Power Plant sole-funded by Intercontinental Energy Co of the US has been passed by the relevant department of the Chinese government.

The plant is located in Changshu city in Jiangsu province, East China. This "build-operate-transfer (BOT)" project requires an investment of over US\$1.2 billion.

The plant will be installed with two 600,000 kilowatt thermal power generating sets.

It is the largest power project in Jiangsu province, ever exclusively funded by foreign investors, and also one of the major projects in the provincial "five-year development plan" (1996-2000).

Jiangsu Power engineering Company reached an agreement with Intercontinental Energy in February last year. According to the agreement, the project will be funded by the U.S. and Jiangsu Power Engineering Company will contract for the construction and management. Apart from the risk of fund-raising, the Chinese side will be responsible for all other risks.

At present, preparatory work on the construction is underway. It is planned that construction will start by the

end of this year. The first generating set of the plant is expected to go into operation by the end of this century.

PRC: British Insurer Commercial Union To Enter Shanghai Market

OW2105142196 Beijing XINHUA in English 0655 GMT 21 May 96

[FBIS Transcribed Text] Beijing, May 21 (XINHUA) — Leading British insurer Commercial Union has received approval from the People's Bank of China, the central bank, to open a representative office in Shanghai, China's largest city.

"The representative office, which aims to create conditions for CU to develop business in China in the future, will be launched in about one month," said Peter Ward, CU's executive director and a member of a large British delegation currently visiting China.

CU has two representative offices in Beijing and Guangzhou, capital of south China's Guangdong Province.

"We will apply to launch general insurance in Guangzhou in the near future," said Ward.

"We selected Guangzhou because we know Guangzhou better, and our successful affiliates in Hong Kong can help our new branch in Guangzhou with personnel training, management and expertise.

"Some of our international clients have a presence in China," he said, "once we inaugurate operations in China, we'll first provide services to them."

He disclosed that CU wants to get involved in life insurance when consolidating its general insurance services in China.

Ward has exchanged views with some senior officials with the State Planning Commission and the People's Bank of China on opening China's insurance market.

He agreed that China needs to be cautious in opening the market, with its development and maturity needing high professional trust and standards.

"It is beneficial for opening the insurance market that the Chinese government sets up a sound regulatory system and fosters insurance companies suitable for the market economy," he said.

CU's interest in China has gone beyond the insurance market. "We're collecting facts and making investigations to select proper investment projects," he said.

Earlier this month, a senior CU official responsible for investment, visited China making extensive contacts on investing the country.

PRC: Macroeconomic Forecasting Research Foundation Established*OW2105140496 Beijing XINHUA in English
1307 GMT 21 May 96*

[FBIS Transcribed Text] Beijing, May 21 (XINHUA) — The British Prudential Insurance Corporation has donated one million yuan (about 120,000 US dollars) to establish the China Macroeconomic Forecasting Research Foundation, sponsored by the Chinese Academy of Social Sciences.

At the donation ceremony held here today in the Great Hall of the People, Peter Davis, the group's chief executive, expressed the group's keen interest in activities which contribute to the advancement of Sino-British academic exchanges.

The project, started in 1989, makes annual detailed analyses and accurate predictions about China's overall economic situation and its development trend.

As the largest insurance company in the United Kingdom, the Prudential set up representative offices in China in 1994.

PRC: Shandong Increases Cooperation With Singapore*OW1705135896 Beijing XINHUA in English
1141 GMT 17 May 96*

[FBIS Transcribed Text] Jinan, May 17 (XINHUA) — East China's Shandong Province has increased economic and trade cooperation with Singapore, local sources reported.

By the end of last March, the province had approved the setting up of more than 400 Singapore-funded firms, with the contractual investment reaching almost 1.4 billion U.S. dollars, a conference here was told.

Statistics also indicated that in 1995 the trade volume between the two sides increased 19.7 percent over 1994.

Provincial officials expressed the hope of promoting Singapore's participation in technical renovation, infrastructure construction and development of areas along the Beijing-Kowloon Railway line, in the Ninth Five-Year Plan period (1996-2000).

The conference also discussed problems in the cooperation between the two sides and solutions to the problems.

Shandong and Singapore are making joint efforts in the processing of meat, vegetables and fruit.

The two sides are making preparations for a personnel training program. In the 1996-1997 period, 125 people will attend training courses.

The conference also revealed that a cooperation scheme between Singapore, Shandong and Germany's State of Bavaria has started.

PRC: Guangxi Encourages Trade With Vietnam*OW1805124696 Beijing XINHUA in English
1221 GMT 18 May 96*

[FBIS Transcribed Text] Nanning, May 18 (XINHUA) — The Guangxi Zhuang Autonomous Region, which shares a 1000-km border with Vietnam, has been encouraging local investors to open joint ventures at border areas in recent years.

The volume of border trade in the first four months of this year amounted to 346 million yuan, 62 percent more than the figure in the same last year period.

The region has introduced 80 million U.S. dollars to start 18 joint ventures, and large and efficient firms have been encouraged to open representative offices, production lines, and trade agencies in Vietnam.

PRC: Sino-Japanese Lysine Production Facility Established*OW2205160396 Beijing ZHONGGUO XINWEN SHE
in English 1412 GMT 22 May 96*

[FBIS Transcribed Text] May 22 (CNS) — The largest Sino-Japanese funded lysine production facility in Sichuan Chemical Industry Company in Chengdu, with a total investment of RMB 300 million and an annual output of 10,000 tonnes of lysine, went into operation a few days ago. This is the result of cooperation between Ajinomoto Company Limited of Japan, the largest lysine production plant in the world, and the Sichuan Chemical Industry Group, the largest nitrogenous fertilizer enterprise in China.

Sichuan produces over 70 million pigs per year, amounting to more than 20 per cent of pigs in the whole country. To relieve the shortage of fodder with additives for pig rearing in Sichuan, the Chinese and Japanese parties have reached an agreement whereunder RMB 300 million will be invested in construction of the lysine production facility.

The project will change the situation of long-term reliance on lysine imports in Sichuan and increase tax revenue of the State.

PRC: Electronic Network To Monitor Foreign Investors' Complaints*OW2105033496 Beijing XINHUA in English
0111 GMT 21 May 96*

[FBIS Transcribed Text] Xiamen, May 21 (XINHUA) — An electronic network has been set up in the special

economic zone of this coastal city in Fujian Province, to ensure that complaints by foreign investors are handled properly and in time, according to the local government.

The network, believed to be the most comprehensive of its kind in the country, involves 25 local government departments and work units connected with foreign investors, such as the Xiamen Foreign Investment Commission and the supervision division of the city government.

The departments and units of the network have been endowed with the right to investigate, coordinate and propose administrative punishment. They can also hand over complaints by foreign investors to other authorities.

A commission official said that a total of 625 complaints by foreign investors were accepted in 1995, 67.2 percent of which were properly settled within the same year.

Foreign investors can submit their complaints to any department or unit linked to the network, the official assured, promising "prompt and effective" handling.

"The network will help overcome red tape among different departments and improve work efficiency," he said.

PRC: Foreign 'Cooperative Projects' in Civil Aviation Welcomed

OW2105141996 Beijing XINHUA in English
0658 GMT 21 May 96

[FBIS Transcribed Text] Beijing, May 21 (XINHUA) — China welcomes foreign businesses to launch more cooperative projects in the civil aviation industry, a top official with China's civil aviation authorities said today.

Chen Guangyi, director of the Civil Aviation Administration of China, made the remark while meeting British Deputy Prime Minister Michael Heseltine and some British entrepreneurs in Beijing.

He said China will focus on the development of aviation infrastructure in the next five years, such as airport construction, improvement of air traffic control management and training of aircraft maintenance personnel.

He added China's civil aviation has been one of the fastest developing sectors of the national economy, and its air passenger flow is expected to reach 100 million by the end of the century, doubling last year's figure.

The director expressed his appreciation for Heseltine's efforts to promote Sino-British ties, and said he believed the British deputy minister's present visit to China is bound to advance bilateral cooperation in civil aviation.

He also termed his one-hour talk with Heseltine as friendly, cordial and candid.

Heseltine is paying a seven-day visit to China. He attended a ceremony yesterday for the establishment of an aero engine component plant in Xian, a joint venture between Britain's Rolls Royce PLC and Aviation Industries of China.

PRC: Official Says 57 Foreign Law Firms Operating

OW2205160596 Beijing XINHUA in English
1244 GMT 22 May 96

[FBIS Transcribed Text] Beijing, May 22 (XINHUA) — Fifty-seven foreign law firms have opened offices in China, according to Zhang Geng, deputy minister of justice.

Zhang made this announcement this morning at a press conference on the Lawyers Law of the People's Republic of China, which was passed last week by the Standing Committee of the National People's Congress, China's legislature, and is to come into effect on January 1 next year.

"As a major step in the reform of the country's legal services system, the Ministry of Justice has given approval to a total of 57 foreign law firms to open offices in China since late 1992," Zhang said.

These offices are located in Beijing, Shanghai, Guangzhou, Shenzhen, Haikou and Suzhou City in east China's Jiangsu Province, he noted.

"Beijing and Shanghai top these cities with 26 and 16 offices, respectively," he added.

He called it "a fairly successful experiment" to permit the opening of these offices, which, he said, can not only help China to get more foreign investment, but also provide much good experience for domestic law firms in the spheres of management and operation.

Sources at the Ministry of Justice said that the 57 law firms are mainly from Canada, Australia, Japan, Singapore, Britain, Germany, the US and France. Some of them are leaders in their own countries, such as Baker & McKenzie and Coudert Brothers of the US, and Gide Loyrette Mouel of France.

The major business of these offices is providing legal assistance to investors and traders from their own countries. They are not allowed to handle China's domestic legal affairs, but can offer their services to the Chinese side in overseas legal disputes.

According to an official at the Lawyers' Affairs Division of Beijing's Bureau of Justice, by the end of 1995 offices of foreign law firms in the capital had paid a total of 18 million yuan (some 2.16 million US dollars) in taxes.

In 1994, he said, the Coudert Brothers' Beijing office helped the country to gain more than two billion US dollars in foreign investment, while Gide Loyrette Mouel helped a Chinese company to win a lawsuit against the European Union's anti-dumping sanctions.

Zhang Geng said that, according to relevant articles in the new Lawyers Law, his ministry is to formulate as soon as possible concrete regulations on the management of the China offices of foreign law firms.

"If approved and issued by the State Council, the regulations will strengthen the management of China's legal services market, which is busy opening to the outside world," he pointed out.

At today's press conference Zhang also revealed that seven Chinese law firms have already set up overseas branches in countries including Russia, Singapore and the US.

"This is a move worth encouraging," he said, "as it can help Chinese lawyers to improve their expertise and make themselves better known to the rest of the world."

PRC: Yantai Development Zone Attracts Foreign Investors

OW2305032596 Beijing XINHUA in English
0040 GMT 23 May 96

[FBIS Transcribed Text] Yantai, May 23 (XINHUA) — The improving investment environment in the Yantai Economic and Technology Development Zone in east China's Shandong Province has drawn the interest of foreign investors.

Founded in 1985, the zone has spent 6.6 billion yuan on fixed assets, and concluded 620 contracts on foreign investments. Included were 127 foreign-funded projects that have gone into production.

According to Yan Yuantian, chairman of the zone's administrative committee, the zone has built infrastructural facilities and public utilities within a ten-square-kilometer area.

It also has created a soft investment environment in line with the international convention.

Yan noted that the zone has simplified formality by opening a "special window", through which foreign business people can complete all necessary procedures.

In addition senior government officials regularly visit the zone to handle official business, and consult opinions from foreign-funded enterprises.

To improve the service to foreign-funded enterprises, the zone has separated the administrative functions of

enterprises from those of government by way of auction or transforming into shareholding companies.

As a result, many foreign-funded enterprises at the zone have expanded their production scales, and increased their investment.

PRC: Beijing Opposes Call To Devalue Currency

HK2305060796 Hong Kong EASTERN EXPRESS
in English 23 May 96 p 6

[By Wang Xiangwei]

[PTS Transcribed Text for FBIS] With China's foreign exchange reserves soaring to nearly US\$82bn (about HK\$639.6bn) by the end of April, Beijing has no need to devalue its currency although falling exports may run up a trade deficit this year, the official media reported yesterday.

Li Hua, an official with the State' Economic and Trade Commission, said the country's foreign exchange reserves reached a record high of US\$81.8bn at the end of April, up from US\$80.83bn at the end of March.

"The fact that supply exceeds demand in the foreign exchange market precludes the devaluation of the [renminbi]," Li said. He said an artificial devaluation of the renminbi would force the central government to increase the money supply and therefore exacerbate inflationary pressure.

Li said that despite the increasing calls from exporters, a devaluation would be premature and could only be done as a last-ditch move. However, he said the move may be necessary if exports collapse in the second half of this year.

China's exports have dropped since last November, hampered by double-digit inflation and delays in payment of export tax rebates from the government. Statistics show exports in the first four months of this year down 7.7 per cent from the same period last year.

Exports dropped by a much larger margin in general trade, falling by about 30 per cent in April. From January to April combined exports in general trade amounted to US\$16.13bn, down by 29.7 per cent from the corresponding period last year.

Li said that the falling exports would probably continue through the third quarter of this year, resulting in a trade deficit unless the government intervenes.

Agriculture

PRC: Planning Minister on Rural Commodity Prices

OW2305111396 Beijing XINHUA Domestic Service
in Chinese 1437 GMT 7 May 96

[By reporter Gao Feng (7559 7364): "Chen Jinhua, Minister of the State Planning Commission, Points Out That Work Concerning Rural Commodity Prices Remains Weak and That This Should Not Be Overlooked"]

[FBIS Translated Text] Taiyuan, 7 May (XINHUA) — Recently Chen Jinhua, minister of the State Planning Commission, said that since last April up to the present, China's rural commodity price increase rate has remained higher than that of cities, with a maximum disparity of 5 percent at times. The organizational buildup, system buildup, regulatory and control means, as well as management method of rural commodity prices are far behind cities' now and this situation must not be overlooked.

On 6 May at a national conference on rural commodity prices and on exchanging experiences in this work, Chen Jinhua pointed out that the following prominent problems exist in the current rural economic operation, namely: The grain procurement prices are a little too low, the prices of capital goods for agricultural production are a little too high, and the peasants' burden is too heavy. There are complicated factors causing these problems, but they are all closely related to rural commodity prices.

Chen Jinhua pointed out: Because our work concerning rural commodity prices is weak, the purchase and marketing of some agricultural products in the vast rural areas cannot proceed smoothly and prices fluctuate excessively; the prices of capital goods for agricultural production remain high and confused and agriculture-related charges are collected under all sorts of names despite repeated prohibitions; rural market prices are confused and the practice of harming the peasants is prevalent. All this has dampened the peasants' initiative in production and has also caused dissatisfaction among them. All levels of price departments must take effective measures as soon as possible to resolve these problems.

On transforming price departments' functions and work methods, Chen Jinhua said: To cope with the work concerning rural commodity prices, which is still weak, there is a need to strengthen price supervision and management; as agriculture is characterized by high natural and market risks, we need to strengthen price departments' regulatory and control functions over prices and to strengthen the government's ability to judge the price situation and regulate and control agricultural product

prices; taking account of the characteristics that China's rural market development still remains imperfect, access to market information is difficult, and misguidance by price information may easily cause losses to the peasants, it is necessary to strengthen the service functions for the work concerning rural prices.

On bringing the work concerning rural prices into the orbit of the legal system, Chen Jinhua pointed out: The state is stepping up its efforts to formulate and promulgate the Price Law and other basic legal provisions on protecting agricultural product prices. All localities should also formulate some legal provisions on agricultural product prices in light of their specific conditions. Methods of standardization should be promptly studied for some new price phenomena and price practices emerging in the rural areas, so that they can be summed up and popularized.

PRC: State To Back Energy Development Project for Rural Areas

HK2305064196 Beijing CHINA DAILY in English
23 May 96 p 1

[By Chen Chunmei: "Rural Energy Plan Approved"]

[PTS Transcribed Text for FBIS] Eight government ministries yesterday vowed to give their full backing to the national project of energy development for rural China as a part of the country's Ninth Five-Year Plan (1996-2000).

The ministries of finance, agriculture, forestry and five other ministries and commissions made a joint pledge yesterday to further strengthen integrated rural energy construction in the next five years at the opening session of the National Integrated Rural Energy Construction Counties' Working Conference.

The programme, having been successfully carried out in 150 pilot counties, will expand to 328, over 14 per cent of the total county number, in the next five years.

Aimed at curbing resource shortages, environmental pollution and ecological deterioration, the programme is expected to be listed in the second batch of projects of the 21st Century Agenda Chinese Action Plan, according to an official with the Ministry of Agriculture.

Plans are being made under the co-ordination of the commissions of economics and trade, and planning and sciences, and the ministries of finance, agriculture, water resources, forestry and power industry at the three-day meeting.

Deputy Minister of Agriculture Wu Yixia called for associating rural energy construction with poverty relief,

agricultural quality improvement and rural economic development.

Exploring and economizing energy are of equal importance, Wu said.

He called on local governments to choose wisely to develop solar energy, fuel forestry or other kinds of energy according to local resources.

The Ministry of Forestry has begun this year a special Forest Energy Project which entails the planting of 12 million hectares of fuel forestry in the next 20 years.

It is meant to ease severe shortages of firewood and protect ecology-friendly forestry from damage as well, said Vice-Minister of Forestry Zhu Guangyao.

Each year, 250 million tons of wood are used for cooking, heating and other family uses — one-quarter of the total energy used by rural families.

Firewood accounts for one-third of the country's yearly forestry resource consumption.

In the past five years, a total of 5.85 billion yuan (\$705 million) have been channeled to the integrated rural energy construction, a majority of which was invested by beneficiary counties.

A lot of counties were eager to take part in the pilot scheme, said He Liang, an official with the co-ordination work office under the Ministry of Agriculture.

The experience of associating energy construction with rural overall development is expected to be popularized across the country, He said.

The project is considered to have boosted sustainable agricultural development.

By the end of last year, the 150 pilot counties had formed an annual production capacity equivalent of 10 million tons of standard coal.

Meanwhile, ecological environments have been improved. The forest coverage rate in these areas has reached 33.9 per cent compared with 26.7 per cent five years ago.

Some 4 million hectares of farmland are now enriched by straw and other biological remnants which enhance the soil fertility.

PRC: Joint Circular Issued on Trans-Regional Use of Combines

OW2305111896 Beijing XINHUA Domestic Service in Chinese 0836 GMT 7 May 96

[By reporter Wang Yanbin (3769 6066 1755)]

[FBIS Translated Text] Beijing, 7 May (XINHUA) — Concerned departments have again opened "green light" for trans-regional use of combines this year. The six ministries and commissions (corporation) of the state recently issued a joint circular to concerned departments of 11 provinces, municipalities, and autonomous regions, asking various localities to further do a good job in harvesting wheat through trans-regional use of combines.

In recent years, the use of combines for wheat has been developing very fast. Some provinces, municipalities, and autonomous regions have taken advantage of the different ripening time of wheat to make trans-regional use of combines. This has increased the utility of combines, promoted mechanization in wheat harvesting, and played an important role in seizing a bumper harvest of grain crops. This is a new service form of agricultural machinery under the conditions of a market economy. It is conducive to marketing agricultural machinery services, to promoting the reasonable allocation of principal factors of production, and the change of mode of agricultural growth, and to developing the rural economy. To ensure the smooth implementation of trans-regional use of combines for wheat harvesting, the Ministry of Agriculture, the Ministry of Public Security, the Ministry of Communications, the State Planning Commission, and the China Petrochemical Corporation have jointly studied the work and decided to support various localities to make arrangements for the use of combines for wheat harvesting outside the boundaries of various provinces, prefectures and counties.

Four requirements were set in their joint circular:

1. It is necessary to strengthen leadership over and vigorously support the work. Agricultural machinery departments at various levels should consider this work as their central task in promoting agricultural mechanization in summer farming. Public security, transportation, price, and petrochemical departments in various places should closely coordinate with each other, consider it as an important measures to support agricultural production, strive to grain support for the work by local governments, and ensure the implementation of the work in an organized and orderly manner.

2. It is necessary to a good job in organizational work and services. The agricultural machinery departments

should earnestly organize the use of combines and operators in harvesting wheat outside their own places with unified signs [biao zhi 2871 1807] and action. Meanwhile, they should seriously coordinate the supply and demand for agricultural machinery and do well in the supply of parts and accessories as well as in repair, technological and logistical services. Concerned localities and departments should make proper arrangements for receiving agricultural machinery and operators and providing fuel for them.

3. It is necessary to ensure prompt, safe, and smooth transportation of combines. With the possession of a "certificate of combine for joint operation," combines may drive through all roads with the exception of expressway, closed roads or exclusive roads for automo-

biles. Transportation administrative departments along the roads should actively maintain traffic order and provide convenience for the moving of combines. More policemen should be dispatched to important sections, and, if necessary, may dispatch vehicles to escort the moving of combines. Those who disrupt order of summer harvesting should be investigated and handled according to the law.

4. Agricultural machinery service organizations which organize trans-regional operation of combines may collect appropriate amounts of service fees according to their services for trans-regional operation with the approval of price department at the provincial level.

PRC: Editorial on Li Teng-hui Inaugural Speech
HK2305064796 Hong Kong WEN WEI PO in Chinese
 23 May 96 p a2

[Editorial: "Li Teng-hui Has Not Changed His Stand"]

[PTS Translated Text for FBIS] After Li Teng-hui made his inaugural speech, the majority of commentaries abroad, except for the Taiwan official media, maintained that although the speech was characterized by a cautious choice of words, his views on some crucial points remain the same, and that there have been no substantive changes.

First, with regard to Li Teng-hui's response to the eight-point proposal on the Taiwan issue put forward by President Jiang Zemin last year, some media only report Li Teng-hui's willingness to visit the mainland. But they neglect various restrictive prerequisites imposed by Li Teng-hui on a visit. They also neglect the fact that Li was one whole year late in making the response. Early last year, Jiang Zemin put forward his proposal on a meeting between leaders from both sides of the strait. Li Teng-hui made his reply in April last year, saying that the meeting should take place on an "international occasion." He actually rejected the good will of the mainland side. Afterward, he visited the United States to worsen cross-strait relations. After the mainland had conducted the struggle against Taiwan independence and splittism, Li Teng-hui said that he would visit the mainland under the prerequisite that the "state needs me, and people support my doing so." He also claimed that he would bring to the mainland the common understanding and will of 23 million compatriots. However, had he considered the common understanding of Taiwan compatriots before he started his trip to the United States? Therefore, Li Teng-hui's response is devoid of sincerity. Some senior Taiwan officials said jauntily that they had passed the "ball" to the mainland. It seems they overestimated themselves.

Second, Li Teng-hui's speech fully reveals his "great Taiwan" mentality [xin tai 1800 1966]. From his view on reunification, it is not difficult to discover that Li Teng-hui has made a wrong interpretation of Chinese history and the present situation on the mainland. Li Teng-hui said: "China in the 20th century has been a miserable country." Using "miserable" to describe China in the 20th century is indeed a one-sided approach. Besides misery, there have also been struggle and construction in China. China realized the unity of the mainland at the end of the 1940's to end the history of imperialist invasion of China. In the last 50 years, although there have been zigzags on its road of advance, China's development has tended toward prosperity. In particular, the comprehensive progress made by China since reform

and opening up has enabled the 1.2 billion people on the mainland to get rid of poverty. China's national power has been increasing constantly, and its people's livelihood has been continuously improved. This has made a great contribution of historic significance to peace and stability in the Asia-Pacific region as well as the whole world. China is becoming a world economic power, and the Chinese nation is struggling for its national invigoration. Did Li include all this in his speech?

Third, Li Teng-hui has deliberately emphasized the "differences in the systems and ways of life on the two sides of the strait" to serve as a foil for his "great Taiwan." The so-called Chinese helping Chinese actually means "Taiwan helping the mainland." Put bluntly, this means "using our experiences in construction to guide the direction of development of the Chinese mainland, and using our progressive achievements to help millions upon millions of our compatriots improve their livelihood." Li Teng-hui has again overestimated himself. Can Taiwan's experience in island-type economic construction guide the "direction of development of the Chinese mainland?" Can Taiwan's achievements improve the livelihood of millions upon millions of compatriots on the mainland? This is truly an unblushing exaggeration and a cock-and-bull story. Cross-strait economic exchanges are bilateral cooperation based on equality and mutual benefit. Such economic exchanges have been carried out without the coordination of the Taiwan authorities. They have become the main factor contributing to Taiwan's trade surplus. Without the vast market on the mainland, could Taiwan's capital and products have a better outlet? Li Teng-hui should have adopted a practical attitude rather than seeking popularity by saying something sensational. In the final analysis, the "Taiwan experience" played up by Li Teng-hui is giving prominence to "Taiwan as the principal part." He intends to block rather than promote reunification. Therefore, it is not surprising that he never mentions "one China," or the "three exchanges between the two sides of the strait."

We can discern from Li Teng-hui's inaugural speech that his basic stand has not changed. Therefore, how he copes with cross-strait relations in the coming four years is a question which truly deserves close attention.

PRC: 'Special Article' Criticizes Li Teng-hui Address

OW2205125496 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0115 GMT 22 May 96

["Special article" by ZHONGGUO TONGXUN SHE reporter He Chong (6320 3095): "Li Denghui's 'Inaugural Address' Evaded 'One-China' Principle"]

[FBIS Translated Text] Hong Kong, 21 May (ZHONGGUO TONGXUN SHE) — On 20 May, Li Denghui [Li Teng-hui] delivered a 4,500-word "inaugural speech" in Taipei, but not a single word was related to "one China;" instead, there were such terms as "separate jurisdictions on the two sides of the straits," [ge hai fen zhi 7133 3189 0433 3112] "popular sovereignty," "Taiwan being an entity," "a sovereign state," etc.....This showed that Li Denghui still refused to give up his "Taiwan independence" position.

In his "inaugural speech," Li Denghui mentioned his principle point by saying: "The Republic of China has always been a sovereign state. Disputes across the straits center around system and lifestyle; they have nothing to do with ethnic or cultural identity. Here in this country, it is totally unnecessary or impossible to adopt the so-called course of 'Taiwan independence.'" That was a specious argument which made some people think that he "denied Taiwan independence," but what he actually meant was that an "independent Taiwan" had long existed and there was no need to announce "Taiwan independence" any more.

This remark of Li Denghui's came into line with the viewpoint and the position he expressed on 17 May when being interviewed by CNN of the United States. On that occasion, he said: "There is no so-called 'one China,' and there are only the PRC and the Republic of China." This showed that he only kept "two Chinas" in his mind.

In his speech, Li Denghui evaded the "one China" principle, and this immediately won appreciation from the Democratic Progressive Party [DPP]. Qiu Yiren [Chiu Yi-jen], secretary general of the DPP Central Committee, said that Li Denghui's speech showed that the Kuomintang [KMT] had changed its position on cross-strait relations from "one China" to "two Chinas," although there remained differences between the KMT and DPP positions, the DPP was glad to see such changes made by the KMT.

After PRC President Jiang Zemin set forth the eight-point initiative on the Taiwan issue in February last year, Li Denghui made his six-point response after delaying the reaction for four months. However, he did not accept the proposal on exchanging visits by leaders on the

two sides of the straits, and only indicated that he was willing to "meet" mainland leaders on "international occasions." This time, he indicated that he was willing to visit the mainland, and this was the first time he expressed such willingness to "embark upon a journey of peace." He said that he was "ready to meet with the top leadership of the Chinese Communists for a direct exchange of views." Therefore, some people said that this was a "new point" and a "breakthrough." However, if one carefully considers the context, one may find that his words still hinted something else.

Before he mentioned "visiting the mainland," he set forth three preconditions, that is, "at the call of my country and with the support of its people," and "with the consensus and will of the 21.3 million people." If Li Denghui does not want to visit the mainland, he may use one of the three preconditions as an excuse. Overseas mass media pointed out that Li Denghui was playing dilatory tactics, and had no sincerity for "personally visiting the mainland" at all.

More importantly, Jiang Zemin's eight-point initiative on the Taiwan issue was based on the "one China" principle, adhered to the principles of "peaceful reunification" and "one country, two systems," and called for negotiating with Taiwan first on the issue of terminating the state of hostility between the two sides of the straits. Jiang Zemin stressed that anything could be discussed except "two Chinas," "one China, one Taiwan," and "Taiwan independence." Now, Li Denghui evaded the "one China" principle, and only wanted to negotiate with the CPC top leadership on "terminating the state of hostility between the two sides" and sign a "peace treaty" obviously in an attempt to permanently maintain the state of "separate jurisdictions and division" and to pursue "invisible Taiwan independence."

Observers noticed that in his "inaugural address," Li Denghui continued to put "pragmatic diplomacy" ahead of "cross-strait relations," and this showed that he still gave top priority to the so-called "pragmatic diplomacy." He repeatedly stressed the need to "continue advancing pragmatic diplomacy." Although he did not mention the issue of "returning to the United Nations," he told Japan's ASAHI SHIMBUN a few days earlier that he still hoped to visit the United States and Japan next year, and criticized the CPC's position of maintaining national unity by describing it as "nationalism in Hitler's era." At the same time, his subordinates continued to go abroad and visit various countries, requesting those countries to support Taiwan's "return to the United Nations."

Being a policy document, Li Denghui's "inaugural address" adopted a lower tone [yu diao jiang di 6133

6148 7100 0144], but he did not virtually change any of his basic line and principles. Recently, Beijing repeatedly indicated that it hoped the Taiwan authorities would change their course and return to the "one China" position in both words and deeds. It is a pity that Li Denghui is still playing tricks, assuming an affected posture, practicing the dilatory tactics, and hindering the process of China's reunification. It seems that cross-strait relations will continue to be uncertain for a period to come.

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Taiwan: Li Teng-hui Discusses 'Losses' From Unification

OW2205145696 Taipei TZU-LI WAN-PAO in Chinese 15 May 96 p 2

[Article by reporter Shang Yi-fu (1424 3015 1133) from Taipei]

[FBIS Translated Text] At a dinner party held yesterday by Kuomintang [KMT] members of the Legislative Yuan to celebrate Li Teng-hui's election as the first democratically elected president, Li Teng-hui, chairman of the KMT, said that unification of the two sides of the strait at the present stage is disadvantageous to Taiwan. He said that Taiwan's president has been directly elected, it has political freedom, and its economic development shows its prosperity. Viewed from the development of the two sides of the strait at present, unification would make Taiwan "suffer losses." Li Teng-hui also stressed that Taiwan is promising and has confidence. He once privately told people at the higher stratum that he took a prudent attitude toward the cross-strait issue before a consensus was reached by the people in Taiwan.

It is learned that, in previous discussions on cross-strait relations at a meeting with people of the higher stratum, Li Teng-hui said that until the more than 23 million people in Taiwan reached a consensus, he took a prudent attitude in handling the cross-strait issue. At present, Li Teng-hui still regards internal issues such as the efficiency of government administration, working for the people, and so on, as priorities.

At yesterday's dinner party, Li Teng-hui also mentioned that Lee Kuan Yew, former prime minister and incumbent senior minister of Singapore, is quite concerned about cross-strait relations, but he did not say whether or not Lee Kuan Yew has recently played the role of a communications bridge between the two sides of the strait.

Li Teng-hui made the above remarks while dining with people at the higher stratum at the Hsin Yi Club of the Combined Service Forces yesterday evening. He stressed that Taiwan has political freedom and its president has been democratically elected and that this shows Taiwan has confidence. He believed Taiwan is very promising. Although the plan to vitalize the economy and other plans have not produced marked effects, Taiwan is — after all — an affluent country advancing toward modernization. Therefore, unification between the two sides of the strait at present would be disadvantageous to Taiwan and Taiwan would "suffer losses."

Taiwan: Official Stresses 'Sincerity' in Cross-Strait Ties

OW2205101196 (Internet) Taiwan Central News Agency WWW in English 0923 GMT 22 May 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 22 (CNA) — Chiao Jen-ho, vice chairman and secretary-general of the Straits Exchange Foundation, Taiwan's quasi-official organization to handle exchanges with Mainland China, said on Wednesday [22 May] that "sincerity" is necessary for both sides of the Taiwan Strait to improve their relations.

Chiao also called on the public to have patience in waiting for Mainland China's response to President Li Teng-hui's inauguration speech on Monday, saying that a turnaround in bilateral ties are not likely in a short term.

He stressed that Taiwan has done its best to improve cross-strait ties since bilateral relations began to sour last year and called on the mainland to take a more positive attitude to help break the current deadlock.

Meanwhile, a ranking official of the Mainland Affairs Council (MAC), Taiwan's top mainland policy-making agency, said that a summit meeting between Taiwan and mainland leaders will not take place overnight and pointed out that mutual respect and trust are essential in achieving the goal.

If Beijing is sincere in improving cross-strait relations, it should first reopen the suspended regular talks with Taiwan to pave the way for a cross-strait summit meeting, the official said.

The MAC is closely watching the mainland's reaction toward President Li's inaugural address and will not make any comments before the mainland's highest authorities come out with an official response, the official added.

Mainland Chinese President Jiang Zemin and Foreign Minister Qian Qichen are currently visiting Zimbabwe in south Africa.

***Taiwan: Political Impact of PRC 'Saber-Rattling' Viewed**

96CM0227A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 17 Feb 96
No 466, pp 76-77

[Article by Yang Chao (2799 3564): "Communist China's Saber-Rattling Integrates Major Parties in Taiwan Ideologically"]

[FBIS Translated Text] With the presidential election campaign being launched in Taiwan, the Chinese Communists finally lost their patience, ready to meddle in and eager to exert some influence on the business. Over the past two weeks, they first released the "remarks by Li Peng" on the occasion of the anniversary of the publication of "Jiang Zemin's eight-point proposal," then there was the hearsay about a plan of military exercises. There has been much speculation around the world.

What the Chinese communists have done so far shows two characteristics. First, they are still not sure yet what is the best way to "promote the great cause of reunification." Of course they know their most basic goal is to make Li Teng-hui and Peng Ming-min lose the presidential election. But, is it possible to achieve this goal, and how should this be achieved? This question is really a headache for them. Tang Shu-bei said he hoped Li Teng-hui would have a low percentage of votes if he was to win the election. His view represents the pragmatic stand of those "Taiwan experts" within the CPC who, believing that it is very hard to defeat Li Teng-hui, would rather adjust their strategy in a bid to undermine Li's reputation than embark on any over-ambitious program which may produce negative effects. To be sure, there is another group of people in the party who refuse to give up the hope of pulling down Li Teng-hui. As far as practical measures are concerned, however, both factions share the second characteristic — lack of originality and imagination in their response to the situation.

The CPC is after all a rigid bureaucratic hierarchy, a despotism operating on a mechanism of level-by-level control and ubiquitous power struggle. The greatest weakness of this regime is its great inertia and, consequently, lack of initiative and flexibility. Few policy-makers in this regime dare to assume responsibilities. Therefore, they would rather repeat again and again what they have already done before, trying to make as little change as possible. As a result, they are very likely to cultivate a habit of simplified, stereotyped, and inflexible reaction.

Now that missile firing and military exercises have become a standardized bureaucratic reaction pattern

against Taiwan, anyone who wishes to have a say in Taiwan affairs, first of all, will have to play the same old tune, repeating the statement that "Taiwan is a part of China." For this reason, Li Peng has to emphasize that a president elected in Taiwan will be no more than a local leader. This kind of cliché is in fact meaningless. Nobody in Taiwan would be so senseless as to expect a president elected by them to rule all of China. In the future, it will be this Taiwan-elected president that the CPC will have to negotiate with on the relations between the two shores of the Taiwan Strait. Elected by the people, this Taiwan president will not be a Taiwan provincial governor governing by the CPC's order. The second alternative the CPC would think of is to resort to paramilitary threat. They first threatened to fire one missile a day, later on they said they were going to conduct military exercises in which 40,000 troops would participate. Such threats may prompt more Taiwanese to rush to apply for emigration, but never will it be able to bend those who choose to stay in Taiwan to the CPC's will. What is worse is that missile firing and military exercises are very spectacular events that will draw wide international attention. The CPC will risk a pretty high diplomatic price for such actions. In addition, missile firing and military exercises are not inexpensive games. A lot of money will be needed if such options are really to be implemented. Therefore the CPC would rather voice the threat through news media to probe into possible reactions before rashly taking action.

The CPC factor, which has been frequently raised and discussed here these days, together with the United States and Japan's reaction to the CPC's moves, has made an impact beyond the CPC's expectation on Taiwan's presidential election. The relations between the two shores of the Taiwan Strait and the diplomatic situation have now emerged as a super-focus; it is so exaggerated that it overrides other concerns. But enthusiastic discussion on this topic among different groups of presidential candidates seems to be leading closer and closer to a consensus among them.

Clear enough are two basic facts. First, the CPC is insisting on its hostility against Taiwan and pressuring and bullying Taiwan with a chauvinist attitude. Second, Taiwan's trade surplus to Hong Kong keeps increasing, which means increasing Taiwan dependence on the China mainland in the area of economy and trade.

Given this reality, a candidate who wishes to get the majority of votes and is eager to win the election, on the one hand, must neither side with any stand that is too close to the CPC, nor surrender Taiwan's autonomy; on the other, he must not advocate a war edge policy that will irritate the CPC so much as to impair Taiwan's economic and trade interests. Hao Pai-tsun must declare

that he definitely will not hold peace talks with the CPC to trade out Taiwan, while Hsieh Chang-ting for his part must state that he definitely will not resort to war to solve the problem between the two shores of the strait. So "neither reconciliation nor war" has become the last and only consensus for all the candidates.

In fact there is not much room for the presidential candidates to develop their unique political platforms. Differences and arguments have very soon become a rhetorical game. The staff of each camp have racked their brains to design points that will distinguish their platform from others. But, in terms of the bare spirit and stance, they actually can hardly create any fundamental distinction.

In other words, the CPC, in making a big fuss, has blurred the super-focus in the presidential election. In this sense, the four groups appear to be more and more alike. Although they are criticizing each other, there are no substantial points in their criticism. One group may criticize another group for being too provocative, but they themselves still have to follow the same rule: to stand up to the CPC on an equal footing and never surrender sovereignty. Or they may criticize others for "yielding to the CPC," but after all they themselves have to voice their willingness to open peace talks and promote exchange. As all the groups have focused their attention on this specific topic, after repeated comparisons they have had the feeling that they in fact share a common ground, and they have finally realized that they actually have "no strong hatred or substantial differences" between them.

This feeling has directly affected party politics in Taiwan. There are now three parties in Taiwan. The Kuomintang (KMT) main stream faction, which has undergone the localization process, is ideologically closer to the Democratic Progressive Party, but estranged from the New Party, which is embracing the great China doctrine. However, in terms of the monopoly of political resources, both the Democratic Progressive Party and the New Party are opposition parties, while the KMT is the ruling party which is monopolizing most political power.

When ideological conflict prevails, the Democratic Progressive Party may give priority consideration to the strategy for a "great alliance" with the KMT. The KMT on its part may be more likely to concede to the Democratic Progressive Party, offering to share some of its resources with the latter. Thus the two parties will join to form an "united front of Taiwan parties" in a bid to counter the New Party, which they regard as the "CPC's ally."

Nevertheless the CPC's tough and peremptory moves have ruined the marketability of the New Party's "China concept" as its stand on the Taiwan political arena. The New Party's politicians must promptly make a clean break with the CPC. As a result, an anti-CPC ideological climate has developed, presenting Taiwan's image as a "united entity."

It is in this climate that the antagonism between the New Party, which is in favor of reunification, and the Democratic Progressive Party, which is struggling for independence, has faded out amid the CPC's threat. The New Party can no longer advocate the idea for reunification, being afraid that it will be denounced as "capitulators." The Democratic Progressive Party can go no farther than to emphasize Taiwan's independence merely as a status quo, lest a war be triggered. In consequence, the dispute over identity that boiled during the Taiwan governor, Taipei mayor, and Legislative Yuan elections has subsided all of a sudden.

As a result of the ideological disputes and the KMT's slow efficiency and lack of sincerity in opening up political resources to other parties, the "great reconciliation" very soon became more attractive to the Democratic Progressive Party than the "great alliance." The "great alliance" initiative was originally designed to seek a breakthrough on the identity issue. Quite unexpectedly this aim is being fulfilled amid the CPC's sustained threat as an outcome of political inertia. So the "great reconciliation" has replaced the "great alliance" as a new form of the struggle to break the monopoly of political power.

Li Teng-hui now has a noticeable margin of popularity ahead of other candidates in the presidential election campaign. However, in the Legislative Yuan, the Democratic Progressive Party and the New Party together are keeping about half of the seats. This objective situation has made the Legislative Yuan a main wrestling ring for the different parties, distracting people's attention from the presidential election. The political parties represented in the Legislative Yuan all place particular stress on enforcement of party discipline, since a narrow margin by a couple of votes may affect the actual exercise of political power. In contrast to this, politics between different parties is much less tense but more flexible in the presidential election. The case of Chang Chin-cheng refusing to vote according to his party's instruction has aroused strong reaction within the Democratic Progressive Party, while that of Fan Chen-tsung voicing support for Li Teng-hui in the presidential election campaign has invited only little criticism from his fellow party members. The sharp contrast presented by these two examples explains the political development trend.

The CPC's threat has urged the different political parties in Taiwan to approach a consensus on the issue of the sense of identity, thus the main focus of political struggle between different parties has shifted to contention for administrative resources. This is the most spectacular great change in party politics in Taiwan this year. Different parties sharply confront each other in the Legislative Yuan, but there is no clear distinction between them regarding their political stance in the presidential election. This is the most interesting enigma of the year. From this development and enigma we can see a new political dominion in the making.

Taiwan: Costa Rican President on Fostering Ties
OW2105152796 (Internet) Taiwan Central News
Agency WWW in English 1459 GMT 21 May 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 21 (CNA) — Costa Rica and the Republic of China [ROC] will continue efforts to improve relations between them in the future based on close economic and trade ties, as well as a common interest in upholding democracy and human rights, Costa Rican President Jose Maria Figueres said Tuesday [21 May].

Figueres, one of world leaders here that attended President Li Teng-hui's inauguration on Monday, said the Costa Rica Consulate in Hong Kong will be replaced by a trade office in 1997 after the British colony is reverted to mainland Chinese rule.

Mainland China, albeit a huge market, is not necessarily an important market for Costa Rican-made products, which are more diverse and much more costly than similar products from other Latin American countries.

On the contrary, he said, Costa Rica will further its ties with the ROC, a country rich in technology and capital.

Figueres said Costa Rica is a small country in terms of land size and population. It is, however, a big country in terms of values such as democracy, peace, stability, and human rights.

The ROC and Costa Rica have joined hands for a number of cooperative programs, including agricultural cooperation that has helped Costa Rica to improve the quality and quantity of its farm production, Figueres noted.

Costa Rica's export processing zones are attracting Taiwan investment, while the ROC government is pitching in to construction engineering work in Costa Rica and helping to develop infrastructure there, he said.

He said he hopes more Taiwan businesses will make inroads into Costa Rica in the future so as to boost bilateral ties between the two countries.

Taiwan: South African Envoy Affirms Official Ties
OW2205154696 (Internet) Taiwan Central News
Agency WWW in English 1448 GMT 22 May 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, May 22 (CNA) — Against the background of Beijing calling on South Africa to cut its ties with Taipei, an envoy from Pretoria met with ROC Foreign Minister Chien Fu Wednesday [22 May] to convey South African President Nelson Mandela's promise to maintain and improve official relations with Taipei.

Joe Modise, Pretoria's special envoy to the ROC presidential inauguration and South African defense minister, met with Chien for over an hour before leaving Taiwan.

Also present at the meeting were his wife and South African Ambassador to Taipei Johannes Lodewikus Viljoen.

Rock Leng, Spokesman for the Ministry of Foreign Affairs, told reporters afterward that Modise explained to Chien Pretoria's desire to establish diplomatic relations with both Taipei and Beijing, and reaffirmed Mandela's commitment to boost relations with Taipei.

Leng said Pretoria has never made a secret of its intention to set up diplomatic ties with Beijing.

Beijing, however, has refused South Africa's initiative to grant dual recognition to both Taipei and Beijing, insisting that Pretoria cut its ties with Taipei, before formal ties can be developed.

Beijing's Foreign Minister Qian Qichen told a news conference in Harare, Zimbabwe on Monday, "China can wait if it takes some time for South Africa to sever diplomatic relations with Taiwan."

Modise's meeting with Chien helped dispel the uncertainty surrounding ties between Taipei and Pretoria after South African Foreign Minister Alfred Nzo visited Beijing in March and delayed his trip — originally scheduled for June — to Taipei, according to analysts.

Taiwan: Jason Hu To Take Oath as Representative to U.S.

OW2205140696 (Internet) Taiwan Central News
Agency WWW in English 1334 GMT 22 May 96

[By Lin Wenfen]

[FBIS Transcribed Text] Taipei, May 22 (CNA) — Jason Hu, currently director-general of the Government

Information Office, will take the oath as the new ROC representative to the United States on May 31, government sources said Wednesday [22 May].

Hu is scheduled to leave for the US on June 7 and will officially assume office on June 10 as the de facto ROC ambassador to the US in the absence of official ties between the two countries.

Meanwhile, Benjamin Lu, the outgoing ROC representative to the US, will return to Taipei on June 5.

Taiwan: Li Teng-hui Addresses Overseas Chinese Delegates

OW2305091796 (Internet) Taiwan Central News Agency WWW in English 0838 GMT 23 May 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, May 23 (CNA) — President Li Teng-hui said Thursday [23 May] what's always in his heart is to do his utmost to protect the Republic of China [ROC].

Li made the statement while meeting with some 100 overseas Chinese representatives who came to Taipei to attend his inauguration for a second term as the first democratically elected president in Chinese history on May 20.

"Many people are concerned about my political philosophy," Li said. "In fact, my political concepts are simple. How to protect our country is my constant concern."

Li said he regrets that some people have accused him of promoting Taiwan independence. "Such an allegation is both a slander and a lie," he stressed.

The president further said the government is always concerned about the well-being of overseas Chinese. "While we are engaged in the task of developing Taiwan, the overseas Chinese are never out of my mind," Li said, adding that the government will continue doing its best to help overseas Chinese develop their careers.

On the ROC's future development, Li said slogans alone cannot protect the country. "We must adopt a pragmatic attitude in safeguarding our national interests and dignity."

Li said it is very important to forge a national consensus on political, economic, judicial and education reforms as well as on expansion of foreign relations and development of cross-Taiwan Strait ties.

During his new four-year term, Li said he will continue to press for economic development, deepen and broaden democratic exercise and foster cultural regeneration in

order to build Taiwan into a more liberal, democratic, prosperous, just and harmonious society.

At the tea party, Li personally entertained the overseas Chinese representatives with cookies and candies, winning much acclaim for his kindness.

Taiwan: Li Names Senior Advisers, Presidential Advisers

OW2205141696 (Internet) Taiwan Central News Agency WWW in English 1334 GMT 22 May 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 22 (CNA) — President Li Teng-hui on Wednesday [22 May] took on 100 senior advisers and presidential advisers, among them four from the opposition Democratic Progressive Party (DPP), for a year.

Hsieh Tung-min, former Vice President, topped the list of 26 senior advisers, which also includes Li Yuan-tsu, former vice president, as well as three former premiers — Sun Yun-hsuan, Yu Kuo-hua, and Li Huan.

Huang Hsin-chieh, former DPP chairman, was the first DPP party member to be given the honor.

Three other members from the pro-independence opposition party were also named presidential advisers: Chiu Lien-hui, former legislator; Annette Lu, former legislator; and Yu Chen Yueh-ying, former Kaohsiung County magistrate.

"I received a phone call from the Presidential Office last Sunday offering me the invitation," Lu told CNA after the offer was approved by her party.

Lu said she was appointed a presidential adviser because of her contribution to Taiwan's democratization and promotion of diplomacy.

A member of the DPP Justice Alliance faction, Lu said she will accept the offer, and pledged to bridge the gap between the ruling and opposition parties and to help eliminate the row over the direction of national development.

Among the presidential advisers from the business sector are Stan Shih, chairman of the Acer Group, Taiwan's largest personal computer and peripherals maker, and Robert Tsao, chairman of United Microelectronics Corp., a leading semiconductor maker on the island.

Taiwan: Poll Shows Rising Public Confidence in Future*OW2105102096 Taipei TZU-LI WAN-PAO in Chinese 13 May 96 p 3*

[By the Investigation Center on Opinion Polls under the TZU-LI PAO Newspaper Chain]

[FBIS Translated Text] According to an opinion poll conducted by the TZU-LI PAO Newspaper Chain over the past nine months on the country's future and on the public's confidence in Taiwan's leaders, the public's confidence in Taiwan's politics, economic situation, and leaders for the next three months has increased considerably, reaching a new high over the past nine months. Consequently, the dark clouds created by the Chinese Communists' written offensive and military threats have been cleared up.

After taking the overall situation into account, we notice: the Taiwan people's overall confidence in the country's future and in Taiwan's leaders was 57.1 percent nine months ago (August 1995), maintained at 58.5 percent six months ago, and dropped to 55.7 percent in early 1996, but has stopped dropping and recovered at present. It has reached 63.3 percent, the highest point in the past nine months.

The Taiwan people's confidence in the country's political situation rose from 55.5 percent three months ago (February 1996) to 61.7 percent, the highest point in the past nine months.

The Taiwan people's confidence in the country's economic situation, which had continued to drop (52.9 percent) since August 1995, rose considerably. For the first time in six months, it reached 61.9 percent, similar to the Taiwan people's confidence in the country's political situation.

The Taiwan people's confidence in the country's leader (Li Teng-hui) rose remarkably from 62.2 percent three months ago (February 1996) to 66.2 percent. The people's confidence in President Li was the highest among the indicators observed during the poll of the public's confidence in Taiwan's politics, economic situation, and leaders.

Among the indicators on the public's confidence in Taiwan's politics, economic situation, and leaders, the Taiwan people's confidence in the country's economic situation rose considerably. The changes were the most remarkable. Forecasts of the Taiwan people's confidence in five aspects of the country's economy for the next three months are as follows: Some 24.4 percent of the people surveyed, rising from 8.4 percent in February 1996, predicted the economic situation will improve. Some 23.5 percent of the people surveyed, rising from

9.4 percent in February 1996, predicted stock prices will rise. Some 23.6 percent of the people surveyed, rising from 8.4 percent in February 1996, predicted real estate prices will rise. Some 58.3 percent of the people surveyed, rising from 41 percent in February 1996, predicted consumer price indices will stabilize. Some 10.4 percent of the people surveyed, rising from 2.5 percent in February 1996, predicted individual incomes will rise.

The Taiwan people's confidence in the Taiwan leader's (President Li) ability to consolidate the Taiwan people's common understanding, to bring stability to Taiwan society, and to rule the country in the future rose considerably, to the same level as in November 1995.

The survey showed: Despite the exposure of problems since the election — including the fact that Taiwan public projects are seriously compromised by criminal syndicates and corruption; prosecutors and police and involved in bribery; and there have been successive run-ins at local grass-roots financial institutions — the public's confidence in Taiwan's politics, economic situation, and leaders for the next three months have not been shaken. However, the survey also showed that there are obvious differences between various political parties and clans.

Taiwan: First Lafayette-Class Frigate Arrives From France*OW1805084896 (Internet) Taiwan Central News Agency WWW in English 0813 GMT 18 May 96*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 18 (CNA) — The first of the six Lafayette-class guided-missile frigates that the ROC (Republic of China) Navy purchased from France arrived at the Tsoying Naval Base in southern Taiwan on Saturday [18 May].

The frigate, escorted by Perry-class frigate Cheng Kung and a submarine, glided into Tsoying harbor to a warm welcome of Navy officers and men after a voyage of more than one month at sea. The vessel, christened the "Kang Ting," departed from France on March 29.

The frigate, to be equipped with the Phalanx weapons system, standard surface-to-air missiles, Hsiungfeng anti-ship missiles and an anti-submarine helicopter, will be formally commissioned Friday. Adm. Ku Chung-lien, commander-in-chief of the Navy, will preside over the ceremony.

The take-over of the "Kang Ting," Navy sources said, marked a big step in the Navy's modernization program aimed at phasing out its aging fleet.

In a bid to further strengthen its defense capability, the Navy is actively carrying out a military buildup program in recent years.

In addition to leasing three Knox-class frigates from the United States, which have been on duty at the Chungcheng Naval Base in eastern Taiwan, the Navy will also have seven Perry-class frigates by the end of 1998 and build 12 500-ton guided-missile patrol boats.

In 1995, the Navy also set up a fleet of mine-sweepers and took delivery of a surveillance ship from Italy, efficiently upgrading the Navy's scientific research and combat capabilities.

Hong Kong**Hong Kong: XINHUA Official on Patten Versus Business Groups***HK2305041496 Hong Kong TA KUNG PAO in Chinese 23 May 95 p a10*

[Report: "Zhang Junsheng Urges Chris Patten To Perform His Duty, To Start Less Trouble, and Not To Jeopardize the Atmosphere"]

[PTS Translated Text for FBIS] Zhang Junsheng, deputy director of XINHUA News Agency Hong Kong branch, stated yesterday: During British Deputy Prime Minister Heseltine's visit to Beijing, he was received by Chinese leaders and responsible persons of various departments, and the atmosphere was sound. He hoped that Hong Kong Governor Chris Patten could do a good job of performing his duty as Hong Kong governor, and stop saying things that are in disharmony with this sound atmosphere and improvement in bilateral relations.

Zhang Junsheng made the above statement while attending the inauguration ceremony of the 12th leading body of the Hu Clan Association yesterday. When asked about the seven major commercial chambers sending a letter to British Prime Minister John Major criticizing Hong Kong Governor Chris Patten, Zhang Junsheng stated: I said long ago that if someone attacks others, they are bound to respond and air their views; and that is only natural. Chris Patten has been sent by the British Government to act as Hong Kong governor. We hope that in the 400-odd days left he will do a good job of performing his duty as Hong Kong governor, do more substantial things, and start less trouble. That, also, is the responsibility of the British side as stipulated in the Sino-British Joint Declaration.

He indicated that particularly over the past few days, British Deputy Prime Minister Heseltine, heading a huge delegation comprising 200-plus members, has been visiting and carrying out investigations in Beijing. Chinese Government leaders and responsible persons of quite a few departments have met him. Now we must say the general atmosphere has not been bad. Such being the case, Chris Patten must do more substantial things, and refrain from saying things that are in disharmony with the somewhat improved Sino-British relations and such a sound atmosphere.

With respect to the candidates and eligibility for special administrative region [SAR] chief executive, Zhang Junsheng said that the selection committee has not been founded yet, and the chief executive working subcommittee of the SAR Preparatory Committee has not yet studied the issue; such being the case, it was impossible for him to answer the question. The SAR

chief executive will eventually be selected prior to the SAR's founding; this is a matter that concerns all Hong Kong citizens. When asked about whether or not the situation of "building up a following [zhao bing mai ma 2156 0365 6314 7456]" exists, Zhang said that the issue did not exist, because the selection committee has not been founded. As to the selection of the chief executive, the Preparatory Committee working subcommittee is still working on it; such being the case, nobody can say about it now.

Regarding some reports saying that Tung Chee-hwa had informed Beijing that he had no intention of becoming the chief executive, Zhang Junsheng said: "That is what the press wrote; I have never heard about it, because the selection committee has not been founded, and nobody knows who the candidates will be, so how can there be an issue of someone being willing or unwilling at this point? I am sure that such reports are fabrications. I have no idea who is responsible; you may ask whichever newspapers carried the news."

Hong Kong: Legislators Criticize Group for Patten Letter*HK2305055796 Hong Kong SOUTH CHINA MORNING POST in English 23 May 96 p 6*

[By Angela Li and Vivian Lee]

[PTS Transcribed Text for FBIS] Pro-democracy legislators launched a broad side against fellow councillor and businessman James Tien Pei-chun for his letter to the Governor telling him to accept the reality of a provisional legislature.

Five independent legislators united to criticise the demand by the Hong Kong General Chamber of Commerce, which is chaired by Mr Tien, as "alarming and disturbing".

They wrote: "The chamber must appreciate that having two legislatures in the colony would create confusion, uncertainty and even chaos. That would be bad for economic prosperity and social stability."

They cited the views of the legislature's legal adviser, Jonathan Daw, that there would be a breach of the constitutional documents if there was another institution set up that mirrored Legco's work.

"Given that there are grave legal consequences, the chamber's letter to the Governor can only be described as ill-advised and unfortunate. "It has the effect of not just undermining the business environment but also the rule of law, which is the bedrock of Hong Kong's success. We call on the chamber to withdraw the letter."

Leung Yiu-chung, Lee Cheuk-yan, Elizabeth Wong Ch'ien Chi-lien, Lau Chin-shek and Emily Lau Wai-hing signed the statement.

The chamber had said that the Government should allow the secondment of a few senior officials to the provisional legislature.

Democratic Party chairman Martin Lee Chu-ming said business sector representatives and the Governor should stop wasting their time bickering.

Businessmen should strive to prove they were fighting for the best interests of Hong Kong on issues such as human rights and democracy, he said. "If so, the Governor would be the first to shut up," Mr Lee added.

Secretary for Civil Service Lam Woon-kwong said civil servants could not engage in anything which conflicted with the interests of the Government.

Mr Lam said: "The Governor stated clearly in his reply letter that we would not co-operate with the provisional legislature." He reiterated that the Government would provide assistance only to the Preparatory Committee and the chief executive-designate of the future Special Administrative Region when he or she was chosen.

The Secretary for Constitutional Affairs, Nicholas Ng Wing-fui, declined to say whether a provisional legislature that claimed to have lawmaking powers was a violation of the Royal Instructions and Letters Patent of the constitution. "I have said that the Government would not do anything which could hinder the status and credibility of the Legislative Council," Mr Ng said.

Hong Kong: Journal Criticizes British Over Hong Kong

*HK2305084896 Hong Kong TZU CHING in Chinese
1 May 96*

[Article by Yuan Chiu-shih [5913 3061 1395]: "Why Does the British Side Mention 'Successful Transition?'"]

[PTS Translated Text for FBIS] Today, as the date on which Hong Kong returns to the motherland draws near, China's various types of preparatory work for resuming sovereignty are now entering the stage of concrete implementation. The British side, however, no longer speaks of a "smooth transition," but rather has dished out a new concept — that it wants to guarantee a "successful transition" for Hong Kong. The British Prime Minister Major and the Foreign Minister Ruskind, as well as Hong Kong Governor Patten have in recent times at public forums rattled on and constantly repeated this statement. In March of this year, the British government submitted to the parliament the

"Hong Kong Annual Affairs Report Blue Book," which declares: "The British government pledges that it will put forth efforts to achieve a successful transition." This shows that "successful transition" has become a fixed policy of the British in handling the Hong Kong issue before and after 1997. People have to ask: What is the British government playing at? Why does a "smooth transition" have to be changed to a "successful transition?"

Everyone knows that the "Joint Declaration" on the Hong Kong question, that was signed by both China and Britain, is an important document by which the two sides resolved the Hong Kong issue. It has legal force. The first article of the Joint Declaration stipulates: The Chinese government has decided to resume the exercise of sovereignty over Hong Kong with effect from 1 July 1997. The second article stipulates: The British government will restore Hong Kong to China on 1 July 1997. The third article sets down in detail that after recovering sovereignty over Hong Kong, China will, under the guidance of the policy of "one country, two systems," implement 12 basic principles and policies. The fourth article clearly stipulates: The British government is responsible for the administration of Hong Kong during the transitional period, to "maintain and preserve its economic prosperity and social stability," and that the Chinese government will give its cooperation in this connection. The fifth article clearly stipulates: "In order to ensure a smooth transfer of government and with a view to the effective implementation of this Joint Declaration, a Sino-British Liaison Group will be set up when this Joint Declaration enters into force." It can be seen that the Joint Declaration has essentially resolved a series of basic issues including the mechanism for the recovery of sovereignty over Hong Kong, the smooth transition and handover of political power in Hong Kong, as well as ensuring that China will guarantee Hong Kong's long-term prosperity and stability after 1997. It clearly limits the responsibilities of the British government during the transitional period to being responsible for the administration with the aim of maintaining Hong Kong's prosperity and stability, accepting China's cooperation, and handing Hong Kong back to China on 1 July 1997. This clearly means that the Hong Kong question is a question for both the Chinese and British governments prior to 1997 and an internal matter for China after 1997, and no country will be permitted to interfere. In the text and annexes of the Joint Declaration, there is no basis for Britain having any right to guarantee a "successful transition" for Hong Kong. We can see that a "successful transition" is a concept put forward by Britain privately in accordance with its own plans.

In the end, what is a "successful transition?" The British government will interpret this itself. At the beginning of January this year, the British Foreign Minister Ruskind rushed to Hong Kong and declared that Britain will strive for a "successful transition." "The goal is far beyond a smooth transition, or handing the baton of rule over Hong Kong to the Chinese side." "We will make every effort to maintain the continued operation of successful systems after 1997." Also, in assessing whether or not the transfer of sovereignty is successful, Britain will not only look at the situation in Hong Kong over the next 18 months, but will also look at whether, after 1 July 1997, Hong Kong will be able to maintain the existing successful systems. He also threatened, if China has any proposal which is considered by the British side to "violate the Joint Declaration or the Basic Law," the British will consider recourse to the law or other avenues, and will not rule out going to the International Court.

In March this year, the British Prime Minister Major, while in Hong Kong, also repeatedly stressed: Guaranteeing the successful transition of Hong Kong "is a major policy of the British government." Even though from July next year, the British government will no longer be the "colonial sovereign nation," of Hong Kong, and the sovereign flag will change, Britain's responsibilities to Hong Kong will certainly not end in the summer of 1997, but will continue until 2047." Britain's responsibilities to Hong Kong "both arise from moral responsibilities and are completely in accord with Britain's own interests." The date of 30 June 1997 is not a "magic screen" which will cut off Britain's future concerns and feelings for Hong Kong. The legal transfer of sovereignty will not cut the "flesh-and-blood relationship" between Britain and Hong Kong, and the political, economic and sentimental attachments between Britain and Hong Kong will long continue to exist. Britain will adopt an active stance and, in respect of the implementation of the Joint Declaration, will "assign strict attention and maintain vigilance," and will ensure that other countries will pay attention to the implementation by the Chinese side. If in the future, there are any indications of "violations" by the Chinese side, "Britain will definitely mobilize the forces of international society, and will deal with the matter through all legal and other feasible channels."

The 1995 "Hong Kong Affairs Annual Blue Book" which the British government submitted to the parliament, also stated: "The so-called successful (transition) is not limited to the period before 1997, but will also be judged by the situation after 1997. Our task is to ensure that Hong Kong's special style of life will see development, and this includes its fair system of representation,

its high efficiency and unbiased administration, as well as its legal system."

If we look overall at the statements made by the British government leaders, and look at what the British are doing in Hong Kong, the British side's "successful transition" includes the following several aspects:

First, prior to 1997, the British alone will organize the legislative, administrative and judicial groups and, utilizing the overriding position of the "provisions of the bill of rights," will wantonly change the existing laws of Hong Kong, will organize its "successful system," and will require that the Chinese side recognizes and accepts this in its entirety, so that there is a "successful transition" and "continued operations" after 1997.

Second, after 1 July 1997, as Britain will have a "burden" and responsibility in respect of Hong Kong, it will see Hong Kong as being within its sphere of influence and its protectorate. It will supervise and intervene in the affairs of the Hong Kong SAR, will support the pro-west, anti-China forces within Hong Kong and, linking those within with those outside, will turn Hong Kong into an independent or semi-independent political entity. Whenever the opportunity arises, it will try to ensure that Hong Kong remains divided from the main body of China and flings itself into Britain's bosom.

Third, Britain will make use of the various pretexts of "human rights," "democracy," and "freedom" to bring together international forces against China and to assist Britain to continue to control the political situation and reap benefits from Hong Kong.

Clearly, the British side hopes after 1997 to have Hong Kong as its "protectorate" and to have millions of Hong Kong people continue to be "subjects" of the British crown (Major described this as a "flesh-and-blood relationship"), and continue to operate and control Hong Kong. The "success" which the British are seeking is that, after 1997, they will be able to continue in Hong Kong to "succeed" in maintaining the colonial privileges of Britain. This is the essential meaning of the "successful transition" proposed by the British.

If good-thinking people find this difficult to understand, we can gain some insight from the attitude of the British government to intervention in the Taiwan question by the U.S. forces. In March this year, the United States, at the same time as conniving at the "Taiwan independence" activities of Li Teng-hui of Taiwan which are aimed at splitting the motherland, also sent the strength of the Sixth and Seventh Fleets, forming the largest naval force since the Vietnam War, near to the Taiwan Strait to "monitor China's activities." This exacerbated

the tight situation across the Strait and was blunt interference in China's internal affairs. China's Deputy Premier and Foreign Minister Qian Qichen incisively pointed out: These actions by the United States treat Taiwan, which is a part of China's territory, as a "protectorate" of the United States. These hegemonistic actions by the United States were censured by all just opinion around the world. Meanwhile the British government made a huge blunder and hurriedly sent Han Jun-ming [7281 0193 2494], a deputy official from the Foreign Office, to publicly declare: "Britain supports the United States' actions in sending naval ships to the Taiwan Strait area to carry out monitoring activities. He also said: "If the United States so requests, Britain will consider sending warships to the Taiwan Strait to provide military assistance." This odious attitude by which the British were following the United States in trying to use military means to interfere in the internal affairs of China can undoubtedly help people to see clearly the "essence" of the so-called "successful transition," and help people to predict how Britain will use excuses to interfere in Hong Kong after 1997.

The so-called "successful transition" which has been put forward by the British side reveals entirely how Britain still refuses to give up hope in respect of sovereignty over Hong Kong, and how they are obstinately maintaining the attitude of colonial rulers. This is no accident. Back at the beginning of the 1980s, when China and Britain were holding discussions over the Hong Kong question, the British side obstinately maintained that the three unequal treaties which Britain had forced the Qing government to sign after the First Opium War which Britain had initiated were still valid. Subsequently, it also put forward the proposal to "exchange sovereignty for the right to rule."

After meeting the firm refutation of Deng Xiaoping and the Chinese government, the British side again changed its game, but continued with its wicked plans on the question of Hong Kong sovereignty. For example, it repeatedly put forward the formulation "the greatest degree of sovereignty" in an attempt to revise the Chinese side's proposal of "a high degree of sovereignty;" It opposed the idea that after 1997, the Hong Kong SAR would come directly under the central government; It repeatedly demanded that the Chinese side promise not to station troops in Hong Kong; it also demanded that after 1997, it be permitted to establish in Hong Kong a "British Commissioner" who would be different in nature from the consulates which other countries have established in Hong Kong, in an attempt to ensure that after 1997 the Hong Kong SAR would become a member or preparatory member of the British Commonwealth; it also proposed that foreign officials who hold Hong

Kong identity cards be able to be "officers in the public service system, even at the highest levels," and required that after 1997 the Chinese side maintain completely unchanged the structures of the British Hong Kong government and the possible changes made by the British side during the transition period The nature of these proposals and requirements was to change post-97 Hong Kong into an independent or semi-independent polity which could be influenced by Britain.

After the Sino-British Joint Declaration was signed, Britain still did not change its stance. After the "Beijing disturbance" in 1989, Britain guessed the situation wrongly, engaged in a vindictive counter-attack and unilaterally changed its policies on the Hong Kong question. From cooperating with China, it began to engage in confrontation with China. At that time, within Britain there was a powerful public opinion demanding that Britain should appoint a "piratical final governor of Hong Kong." In 1992, after Patten was appointed as Hong Kong governor, he immediately declared that his tasks were not limited to the five years before 1997, but past 1997, for a total of 55 years. Subsequently, Patten tossed up his infamous "three breaches" political reform proposals, and used odious means to cause a breakdown in the talks between China and Britain over the 1994/95 Hong Kong electoral arrangements. This destroyed the "through-train" arrangements for the Hong Kong political system. He also used various measures to support the forces which are close to Britain, oppose China, and cause chaos in Hong Kong, unilaterally concocted the "provisions of the bill of rights," wantonly changed the existing laws of Hong Kong, replacing the principle of an executive-led government with a "legislative-led administration," and sought all sorts of ways to weaken the administrative power of the future SAR government. In respect of these actions by Patten, the British Prime Minister Major bluntly stated that they had "the full support of the British cabinet."

The undeniable facts are clear. On the question of sovereignty over Hong Kong, Britain has until now, harbored a hidden ambition. The "successful transition" which the British government has recently thrown up is a new warning. It tells us that the struggle which has developed centered around the question of sovereignty over Hong Kong will not end with the lowering of the British flag in Hong Kong at midnight on 30 June 1997. Quite the opposite, it will continue to exist in other forms. In respect of this, people should maintain a high degree of vigilance.

Hong Kong: Lo Tak-shing Confirms Desire for Top SAR Job

HK2305054496 Hong Kong SOUTH CHINA
MORNING POST in English 23 May 96 p 4

[By Our Political Desk]

[PTS Transcribed Text for FBIS] The race to become the territory's first chief executive is heating up again.

Solicitor Lo Tak-shing has confirmed his desire for the top post, while a previous front-runner, Executive Councillor Tung Chee-hwa, is reported to have told Beijing to count him out.

With his ambition to be crowned the first post-1997 chief an open secret, Mr Lo said yesterday he would bow out of the contest if "one or two" people deemed by him to be ideal candidates accepted nominations. He said he would lobby for them to take up the challenge, but declined to give their names.

Mr Lo, who was recently revealed to have obtained a mainland passport, said he had already attempted to lobby other potential candidates, but had been rejected.

He declined to comment on Mr Tung, saying he did not know him well.

Mr Tung, a vice-chairman of the Preparatory Committee, had been tipped as Beijing's choice for the top post. He was also seen as an acceptable figure by the British and Hong Kong governments.

Mr Lo, a co-convenor of the Preparatory Committee's legal sub-group, said he would make up his mind on the contest after the 400-member Selection Committee was formed.

The Preparatory Committee has indicated that the formation of the Selection Committee will be delayed until around September, which means the selection of the chief executive will have to be postponed correspondingly.

A Hong Kong affairs adviser quoted friends of Mr Tung as saying the prominent shipping businessman had told Chinese officials he was not interested in the post of chief executive. "He said his interest is still doing business," the adviser said. He said the race was now between M Lo, former senior Executive Councillor Sze-yuen Chung and Chief Secretary Anson Chan Fang On-sang. "I'm sure there will be someone who will come out and challenge T.S. Lo," he said.

A deputy secretary-general of the Preparatory Committee, Shiu Sin-por, said details of how the Selection Committee would be chosen remained unclear, and it was too early to talk about the nomination of candidates for chief executive.

Hong Kong: Heseltine Stresses Shared Interest in Future Prosperity

HK2305054596 Hong Kong SOUTH CHINA
MORNING POST in English 23 May 96 p 4

[By Louis Won in Beijing]

[PTS Transcribed Text for FBIS] Deputy Prime Minister Michael Heseltine said yesterday that despite differences over the plan, to set up a provisional legislature, both China and Britain had a shared interest in the future prosperity of Hong Kong.

At the end of a five-day trade promotion, Mr Heseltine admitted that the two sides disagreed over issues including the plan to replace the Legislative Council. "This is a problem we must manage in the interim period," he said.

Mr Heseltine had discussed Hong Kong with premier Li Peng at a meeting on Tuesday. He is expected to hold further talks with Chinese President Jiang Zemin in Zhuhai tomorrow.

Mr Li had urged Britain to "adopt positive measures" to solve remaining problems regarding the transfer issue.

Mr Heseltine said the row between Governor Chris Patten and pro-China business leaders had not created any obstacles in his meeting with Mr Li.

Describing his trip to Beijing as "productive and successful", Mr Heseltine said he had constructive talks with Mr Li and Vice-Premier Li Lanqing.

Mr Heseltine said: "In the course of the year ahead, we will work constructively to deal with the matters which come up from time to time as we've done in the past.

"Certainly, a range of matters were raised by both the premier and myself in yesterday's meeting and I haven't a slightest doubt that Mr Jiang will wish to discuss these matters with me on Friday." He added that it would also be in China's interest that Hong Kong continued to be prosperous and stable. "What possible interest can China have in anything other than the continued success of Hong Kong," he said.

Hong Kong: Bank of China To Join Ranks of Debt-Issue Giants

HK2005064096 Hong Kong EASTERN EXPRESS
in English 18-19 May 96 p 1

[By Adrian Kennedy]

[PTS Transcribed Text for FBIS] The Bank of China (BoC) will join the ranks of top Hong Kong dollar debt issuers, with the Hong Kong Monetary Authority widening the number of rating evaluations it accepts for

securities eligible for the Liquidity Adjustment Facility (LAF) — the territory's discount window.

Market sources said yesterday's HKMA move explains recent rumours that the BoC is about to tap the market with a multibillion issue of floating-rate certificates of deposit (FRCD).

Under the old system, the bank did not qualify to issue LAF-eligible paper that banks can pledge with the Exchange Fund for overnight cash.

Early last year, the bank shelved a \$5bn FRCD issue when Moody's Investors Service downgraded it from A3 to Ba1, making its debt ineligible for the IAF, a serious loss of face given the bank's status as the mainland's financial flagship.

Under the HKMA's old rules, banks needed either an "A- (minus)" rating from Standard & Poor's or an A3 rating from Moody's, while corporates needed an A from S&P or an A2 from Moody's.

But the authority announced yesterday a widening of the criteria. Bank issues of Hong Kong dollar debt paper of \$1bn or more can be eligible for the LAF if they are rated "A-" (minus) by the European-based agency IBCA, or A+ (plus) by the Japan Bond Research Institute (JBRI). Corporate paper is eligible with ratings of A or 'AA-' from the respective agencies.

The change allows BoC's debt paper to access the facility, since the bank holds a 'AA-' foreign currency rating from JBRI, a notch above the minimum it needs from the agency.

"This is amazing news. This is more political than anything else," one trader said. "The BoC wanted to issue for a long time but because of Moody's and S&P they could not — the HKMA has helped."

"We welcome the HKMA's decision to recognise more professional credit rating agencies because it will be beneficial to the development of Hong Kong's capital market," a BoC spokeswoman said.

She admitted the Moody's downgrade had been "one of the reasons" for the shelving of its FRCD last year, but would not comment on market rumours that the bank is about to issue FRCDs.

Banks' funding costs are generally lower if their debt issues are LAF-eligible.

"Any way to get the third note-issuing bank on to the same basis as the other note-issuing banks . . . has to be a sensible move," Patrick Thomas, managing director of Oakreed Financial Services, a locally based bond boutique, said.

David Marshall, a London based director of IBCA, welcomed the HKMA's decision to break the United States agencies' monopoly, which he said had made it difficult to rate companies or gain subscribers, and said the company will establish either a representative office, branch, or fully fledged subsidiary in the territory.

"Now we can compete on the same ground," said Tetsuya Matsunaga, the Tokyo-based JBRI analyst in charge of Hong Kong, adding that JBRI will consider opening an office to cater for an expected influx of banks and corporate wanting to get ratings.

Market sources indicated they felt the HKMA had acted politically in opening the market to agencies which are known to be more favourable to Hong Kong, they said.

JBRI gives Hong Kong a AA+ credit rating, denoting a high degree of security.

Moody's A3 rating for the territory denotes high quality, but with a "susceptibility to impairment in the future".

Traders said the exclusion of BoC from LAF-eligibility was an anomaly that should have been corrected a long time ago.

Some echoed sentiments expressed earlier in the year by the Secretary for Financial Services, Rafael Hui, when he suggested that Asian ratings agencies are better placed to understand the credit worthiness of Asian borrowers — a sideswipe at Moody's and S&P.

Discussions between the HKMA and JBRI started about a year ago, Matsunaga said.

Hong Kong: Legislative Council Passes Immigration Bill

HK2305063796 Hong Kong HONGKONG
STANDARD in English 23 May 96 p 1

[By Lily Mak]

[PTS Transcribed Text for FBIS] The Legislative Council has passed by 29 votes to 26 a controversial immigration amendment bill empowering authorities to detain Vietnamese boat people awaiting repatriation.

The government initiated the Immigration (Amendment) Bill following a Privy Council ruling which made it illegal to detain Vietnamese migrants who possessed foreign passports while waiting for notice of rejection by their government in Hanoi.

About 275 Vietnamese had been released on those grounds since the ruling.

During the second reading of the bill, legislators from the democratic camp, except those of the Association for Democracy and People's Livelihood, had unanimously

opposed it because it supposedly sanctioned arbitrary detention.

Margaret Ng Ngoi-ye, the legal functional constituency representative, argued the bill was completely unwarranted.

"Clause (2)(a) of the bill, in effect, prohibits a court from finding that the purpose of a Viet's detention has failed or become spent except in the narrow case where the government of Hong Kong had been notified that a request for the approval to remove him to Vietnam had been rejected," Ms Ng said.

"Thus, the court is, in effect, precluded from determining any facts except whether a notice of rejection by the Vietnamese government has been received. And where no such notice has been received, the court is precluded from finding that the purpose of detention pending removal has failed. This can hardly be called a real 'determination' at all."

Democratic Party legislator Albert Ho Chun-yan said the bill would weaken the court's power and set a bad precedent.

Liberal Party legislator Selina Chow Liang Shuk-ye, who supported the bill, argued it was needed to plug the existing legal loophole and would not breach the International Covenant on Civil and Political Rights (ICCPR).

She said under the screening policy, those identified as nonrefugees would be detained, pending repatriation. She hit back at human rights organisations for not accepting the screening policy of Hong Kong.

Democratic Alliance for the Betterment of Hong Kong legislator Chan Kam-lam said the bill was not related to human rights and the proposed amendment to the Immigration Ordinance would not be conducive to unlimited detention of Vietnamese migrants.

Secretary for Security Peter Lai Hing-ling, who moved a further amendment to the bill during the committee stage and passed by legislators, argued that the basic policy towards the boat people had not changed and it would be up to the court to interpret the legislation.

Speaking against the bill's passage, Human Rights Watch/Asia executive director Sidney Jones said: "What has been described as 'plugging a loophole' really is a motion against the fundamental right to liberty.

"This law, a result of 'compassion fatigue' for Vietnamese detainees, has grave repercussions for the future of Hong Kong. "It is a clear violation of Hong Kong's obligations under the ICCPR. Furthermore, it raises the serious problem of statelessness since these people have been rejected by both Vietnam and Taiwan."

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